FERROCARRILES NACIONALES DE MÉXICO

TO

CENTRAL TRUST COMPANY OF NEW YORK,
Trustee.

Prior Lien Mortgage.

This Indenture dated the twenty-second day of June, 1908, between Ferrocarriles Nacionales de México, a corporation created under the laws of the United States of Mexico and having its principal office in the City of Mexico (hereinafter termed the Railway Company), of the one part, and Central Trust Company of New York, a corporation created under the laws of the State of New York in the United States of America and having its principal office in the City of New York (hereinafter termed the Trustee), of the other part:

Whereas, in pursuance of a Decree of the Federal Executive of the United States of Mexico dated July 6, 1907, issued pursuant to a Law of the Congress of the United States of Mexico enacted December 26, 1906, authorizing the Federal Executive to issue the necessary decrees, the Railway Company has been duly constituted by Public Deed dated March 28, 1908; and

Whereas the Railway Company has been so organized with the object of taking over and uniting the properties of National Railroad Company of Mexico, a corporation organized under the laws of the State of Utah in the United States of America (hereinafter termed the National Railroad), and of Mexican Central Railway Company, Limited, a corporation organized under the laws of the Commonwealth of Massachusetts in said United States of America (hereinafter termed the Central Railway), with power among other things to acquire, construct and operate any other railroad lines within the Republic of Mexico;

and the Railway Company is also authorized to acquire, own and operate, in whole or in part, and by any legal title, the concessions, rights and properties of the National Railroad and of the Central Railway, and of any other company or undertaking which may own or operate lines of railroad or of transportation by land or by water, or any service appurtenant to the same; and to acquire and own by any legal title, shares, whether preferred, ordinary, common or deferred, bonds or obligations, and, in general, securities of any class, of the National Railroad or of the Central Railway, or of said other companies or undertakings, and to exercise all the rights inherent in such shares, bonds or obligations, or securities; and

WHEREAS, by said Decree, the Railway Company is authorized to create and issue two classes of obligations, in said Decree termed the Prior Lien Bonds and the General Mortgage Bonds, and to secure the same by a mortgage or pledge of all or any part of the concessions, properties and other assets which the Railway Company may then own or may thereafter acquire; and it is by said Decree provided that the securities so constituted for both classes of obligations shall have the effect of mortgages upon the lines of railway and real property described therein whenever acquired by the Railway Company, in the terms provided in the respective instruments, and that the debt represented by the Prior Lien Bonds shall be superior in rank to the debt represented by the General Mortgage Bonds; and that in the public instruments and contracts by which the Railway Company may constitute the said securities, such agreements may be included, such procedure for the enforcement thereof stipulated, and such requirements imported, as may be necessary or usual in the foreign markets where the said obligations are to be negotiated; and that the said public instruments and contracts when protocolized, shall be recorded in the Public Registry of the

City of Mexico (the Secretary of the Treasury of the United States of Mexico having previously certified that they have been executed in conformity with the provisions and special authorizations of said Decree), and shall have full legal effect, as shall the bonds which may be issued in conformity with them, notwithstanding that in any of them, any of the requirements of the Railroad Law of April 22, 1899, or of any other general law, shall not have been complied with ; and

Whereas, by said Decree it is provided that the Government of the United States of Mexico will guarantee unconditionally the payment of said General Mortgage Bonds both as to principal and interest, including the instalments of the Sinking Fund, and that such guaranty shall be executed on each such bond ; and it is further provided that if the Government of the United States of Mexico shall make any payments under such guaranty of the General Mortgage Bonds, the Government shall be deemed a creditor of the Railway Company for the amounts so paid and entitled to repayment with interest at the rate of four per cent. per annum, but that, except in liquidation, such repayment shall be made only out of net profits otherwise distributable in dividends, and before any dividend may be paid on any class of stock other than dividends guaranteed under the Deed of Incorporation of the Railway Company, and that the Government shall not have any right to enforce payment by attachment, receivership, liquidation or other judicial proceedings, but that, in respect of such indebtedness, the Government is to rank in liquidation next after mortgage creditors, unless the Government shall waive its said preference in favor of any other creditor or creditors ; and

Whereas, in the exercise of its corporate powers and of said authority so conferred, and in pursuance of proper resolutions of

its board of directors and of its shareholders, the Railway Company has determined to issue Prior Lien Bonds as aforesaid, limited except as herein otherwise provided, to the principal amount at any one time outstanding of $225,000,000 gold coin of the United States of America of or equal to the present standard of weight and fineness, to be payable the first day of July, 1957, with interest from the first day of July, 1907, at the rate of four and one-half per cent. per annum payable semi-annually on the first days of January and July in each year, and in order to secure the payment of said bonds, which are to be designated the Prior Lien Four and One-Half Per Cent. Fifty-Year Sinking Fund Redeemable Gold Bonds of the Railway Company and are hereinafter termed the Prior Lien Bonds, to execute and deliver to Central Trust Company of New York, the party hereto of the second part, a mortgage or deed of trust of the property hereinafter described, owned by the Railway Company and to be hereafter acquired by it; and

Whereas, in the exercise of its corporate powers and of said authority so conferred, and in pursuance of proper resolutions of its board of directors and of its shareholders, the Railway Company has further determined to issue General Mortgage Bonds as aforesaid, limited, except as in the General Mortgage securing said bonds otherwise provided, to the principal amount at any one time outstanding of $160,000,000, gold coin of the United States of America, of or equal to the present standard of weight and fineness, to be guaranteed, pursuant to said Law of December 26, 1906, and to the terms of said Decree, by the Government of the United States of Mexico as to principal, interest and instalments of sinking fund, to be payable on the first day of October, 1977, with interest at the rate of four per cent. per annum, payable semi-annually on the first days of April

and October in each year, and, in order to secure the payment of said bonds, which are to be designated the Guaranteed General Mortgage Four Per Cent. Seventy-Year Sinking Fund Gold Bonds of the Railway Company and are hereinafter termed the General Mortgage Bonds, to execute to The New York Trust Company a mortgage or deed of trust (hereinafter termed the General Mortgage) of the property hereinafter described owned by the Railway Company and to be hereafter acquired by it, *subject, however*, to the prior lien thereon of this Indenture; and

Whereas the Prior Lien Bonds are to be expressed in the English and Spanish languages and, at the election of the Railway Company in the French and German languages or either, the English text to govern in the construction thereof; and are to be made payable in the City of New York or at the option of the holder in the City of Mexico, or in London, England, and at such other places in Europe as the Railway Company may at the time of the issue of such bonds determine and as shall be expressed in such bonds; if in Germany, at the fixed rate of 4 reichsmarks 20 pfennigs to the dollar; if in France, Belgium or Switzerland, at the fixed rate of 5 francs 18 centimes to the dollar; if in Holland, at the fixed rate of 2 guilders 48 cents to the dollar; and

Whereas the Prior Lien Bonds are to be issued in various denominations and the English text of the Prior Lien Bonds for $1,000 and of the coupons to be annexed thereto is to be substantially to the following effect (with proper statements of the places of payment), the English text of said bonds in other denominations and of the appurtenant coupons to be of the like tenor except as to amount:

[FORM OF $1,000 COUPON BOND.]

$1,000 U. S. Gold. $2,000 Mex. Gold. £205.15.2 Stg.
(M.4,200 D. R. W. Francs, 5,180. Guilders, 2,480.)

No.________ No.________

FERROCARRILES NACIONALES DE MÉXICO
NATIONAL RAILWAYS OF MEXICO

PRIOR LIEN FOUR AND ONE-HALF PER CENT. FIFTY-YEAR SINKING FUND REDEEMABLE GOLD BOND.

FERROCARRILES NACIONALES DE MÉXICO (hereinafter termed the Company), a corporation organized under the laws of the United States of Mexico, for value received, promises to pay to the bearer, or, if registered, to the registered holder of this bond, on the first day of July, 1957, one thousand dollars, in gold coin of the United States of America, of or equal to the present standard of weight and fineness, in the City of New York; or, at the option of the holder, in Mexico, D. F., 2,000 gold pesos of or equal to the present standard of weight and fineness; or in London, England, £205.15.2; (or in Berlin, Frankfort-on-the-Main or Hamburg, Germany, 4,200 reichsmarks; or in France, Belgium or Switzerland, 5,180 francs; or in Amsterdam, Holland, 2,480 guilders); and to pay interest on said principal amounts from the first day of July, 1907, in said cities and countries respectively in said respective currencies, at the rate of four and one-half per cent. per annum, semi-annually, on the first day of January and the first day of July in each year, on presentation and surrender of the annexed coupons. Payment of the principal and interest of this bond will be made at the office of the Company or at other designated offices in said cities and countries respectively, and both as to principal and interest without deduction for any tax which the Company may be required to pay thereon or to deduct therefrom under any present or future law of the United States of Mexico, or of any State or municipality therein, or of the United States of America or of the State of New York or of any municipality in said State.

This bond is one of a series of coupon bonds and registered bonds of the Company known as its Prior Lien Four and One-Half Per Cent. Fifty Year Sinking Fund Redeemable Gold

Bonds, issued and to be issued under, and all equally secured by, a mortgage or deed of trust bearing date the twenty-second day of June, 1908, between the Company and Central Trust Company of New York as Trustee, hereinafter termed the Prior Lien Mortgage. For the nature and extent of the security, the rights of the holders of bonds, and the terms and conditions upon which the bonds are issued and secured, reference is made to the Prior Lien Mortgage. The bonds of said series are limited, except as otherwise provided in the Prior Lien Mortgage, to the aggregate face amount of $225,000,000, and the coupon bonds are in the denominations of $1,000, $500 and $100, and are numbered, the bonds for $1,000, M-1 and upwards ; for $500, D-1 and upwards ; for $100, C-1 and upwards.

This bond shall pass by delivery unless registered in the name of the holder on the books of the Company, in the City of New York, such registry being noted hereon by the Company. After such registry, no transfer shall be valid unless made on said books by the registered holder in person or by his attorney duly authorized and similarly noted on this bond, but the same may be discharged from registry by being transferred to bearer and thereupon transferability by delivery shall be restored. This bond may again from time to time be registered or transferred to bearer. Registration of this bond shall not affect the negotiability of the coupons, which shall continue to be transferable by delivery. The holder of any coupon bond for $1,000 may, at his option, surrender for cancellation at the Transfer Agency of the Company in the City of New York his bond, with all unmatured coupons thereto appertaining, in exchange for a registered bond without coupons, payable as to principal and interest in the City of New York in U. S. Gold, as provided in the Prior Lien Mortgage.

This bond is entitled to the benefits of the cumulative Sinking Fund to be created under the Prior Lien Mortgage and all other benefits created thereby or attached thereto ; and, after January 1, 1917, is subject to purchase for said Sinking Fund on any first day of July, and to redemption on any interest day, in each case at a premium of five per cent., and on not less than ninety days' prior notice, in accordance with the Prior Lien Mortgage.

This bond shall not be valid until authenticated by the certificate hereon endorsed of the Trustee for the time being under the Prior Lien Mortgage.

In Witness Whereof, Ferrocarriles Nacionales de México has caused this bond to be signed by one of its Vice-Presidents, and its corporate seal to be hereto affixed attested by one of its Assistant Secretaries, and coupons for

said interest with the engraved signature of its Treasurer to be attached hereto, as of the first day of July, 1907.

FERROCARRILES NACIONALES DE MÉXICO
by

Vice-President.

Attest:

Assistant Secretary.

[FORM OF COUPON.]

$22.50.	45 Pesos.	£4.12.7.
(Fcs., 116.55.	Marks, 94.50.	Guilders, 55.80.)

On the first day of , 19 , (unless the bond hereinafter mentioned shall have been called for earlier redemption or purchase for Sinking Fund), on surrender of this coupon, Ferrocarriles Nacionales de México will pay to the bearer in the City of New York, U. S. A., twenty-two 50/100 dollars U. S. Gold; or in Mexico, D. F., 45 gold pesos; or in London, England, £4.12.7; (or in Berlin, Frankfort-on-the-Main or Hamburg, Germany, M. 94.50; or in France, Belgium or Switzerland, 116 francs, 55 centimes; or in Amsterdam, Holland, 55.80 guilders); being six months' interest, then due, on its Prior Lien Four and One-Half Per Cent. Fifty-Year Sinking Fund Redeemable Gold Bond No. ....

Treasurer.

[FORM OF $1,000 REGISTERED BOND.]

No. .... $............

FERROCARRILES NACIONALES DE MÉXICO
NATIONAL RAILWAYS OF MEXICO

REGISTERED PRIOR LIEN FOUR AND ONE-HALF PER CENT. FIFTY-YEAR SINKING FUND REDEEMABLE GOLD BOND.

FERROCARRILES NACIONALES DE MÉXICO (hereinafter termed the Company), a corporation organized under the laws of the United States of Mexico, for value received, promises to pay to or assigns on the first day of July, 1957, one thousand dollars, in gold coin of the United States of America of or equal to the standard of weight and fineness existing on the first day of July, 1907, and to pay interest on said principal amount from

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the first day of January or July next preceding the date of this bond, in like gold coin, at the rate of four and one-half per cent. per annum, semi-annually, on the first day of January and the first day of July in each year.

Payment of the principal and interest of this bond will be made at the office or agency of the Company in the City of New York, and both as to principal and interest without deduction for any tax which the Company may be required to pay thereon or to deduct therefrom under any present or future law of the United States of Mexico or of any State or municipality therein, or of the United States of America or of the State of New York or of any municipality in said State.

This bond is one of a series of coupon bonds and registered bonds of the Company known as its Prior Lien Four and One-Half Per Cent. Fifty-Year Sinking Fund Redeemable Gold Bonds issued and to be issued under, and all equally secured by a mortgage or deed of trust bearing date the twenty-second day of June, 1908, between the Company and Central Trust Company of New York as Trustee, hereinafter termed the Prior Lien Mortgage. For the nature and extent of the security, the rights of the holders of bonds, and the terms and conditions upon which the bonds are issued and secured, reference is made to the Prior Lien Mortgage.

The bonds of said series are limited, except as otherwise provided in the Prior Lien Mortgage, to the aggregate face amount of $225,000,000, and the coupon bonds are in the denominations of $1,000, $500 and $100, and are numbered, the bonds for $1,000, M-1 and upwards; for $500, D-1 and upwards; for $100, C-1 and upwards. This bond is transferable by the registered holder hereof, in person or by attorney duly authorized, on the books of the Company in the City of New York, upon surrender and cancellation of this bond, and thereupon a new registered bond will be issued to the transferee in exchange therefor, as provided in the Prior Lien Mortgage. This bond may also, in the manner prescribed in the Prior Lien Mortgage, be exchanged at the Transfer Agency of the Company in the City of New York, for coupon bonds of the denomination of $1,000 for the same aggregate principal sum, carrying all unmatured coupons and bearing the numbers hereon endorsed.

This bond is entitled to the benefits of the cumulative Sinking Fund to be created under the Prior Lien Mortgage and all other benefits created thereby or attached thereto; and after January 1, 1917, is subject to purchase for said Sinking Fund on any first day of July, and to redemption on any interest day, in each case at a premium of five per cent. and on not less than ninety days' prior notice, in accordance with the Prior Lien Mortgage.

Whenever any of the coupon bonds the numbers of which are endorsed hereon, shall have been drawn for purchase for the Sinking Fund or for redemption, so much of the principal of this bond as is represented by such drawn coupon bonds shall cease to bear interest (except for the purposes of the Sinking Fund) after said date for purchase or redemption, and upon surrender of this bond at the Transfer Agency of the Company in the City of New York on or after such date, the registered holder will, in addition to the premium of five per cent. payable on purchase or redemption, be entitled to receive the principal amount of the drawn coupon bonds, and for the residue of the principal amount of this bond, a new registered bond or registered bonds.

This bond shall not be valid until authenticated by the certificate hereon endorsed of the Trustee for the time being under the Prior Lien Mortgage.

In witness whereof, Ferrocarriles Nacionales de México has caused this bond to be signed by one of its Vice-Presidents, and its corporate seal to be hereto affixed, attested by one of its Assistant Secretaries, the day of , 19 .

Ferrocarriles Nacionales de México,
by

Vice-President.

Attest:

Assistant Secretary.

[form of trustee's certificate on both coupon and registered bonds.]

This is to certify that this bond is one of the bonds described in the within mentioned mortgage or deed of trust.

Central Trust Company of New York,
Trustee,
by

Vice-President.

And whereas all acts and things prescribed by law and by the by-laws of the Railway Company have been duly complied with, and the Railway Company in the exercise of each and every legal right and power in it vested, proposes to make and execute, and from time to time hereafter, to issue and deliver, the Prior Lien Bonds, and this Indenture has been exe-

cuted in conformity with the provisions and special authorizations of said Decree of July 6, 1907 :

Now, therefore, this Indenture witnesseth that in order to secure the payment of all the Prior Lien Bonds at any time issued and outstanding under this Indenture according to their tenor, purport and effect, as well the interest as the principal thereof, and to secure the performance and observance of all the covenants and conditions therein and herein contained, and to declare the terms and conditions upon which the Prior Lien Bonds are issued, received and held, and for and in consideration of the premises and of the acceptance and purchase of the Prior Lien Bonds by the holders thereof, and of the sum of one hundred dollars lawful money of the United States of America to the Railway Company duly paid by the Trustee at or before the ensealing and delivery of this Indenture, the receipt whereof is hereby acknowledged, the Railway Company hath constituted and by this Indenture doth constitute a pledge and mortgage of its concessions, properties and other assets which it now owns and may hereafter acquire, and which are hereinafter described and enumerated, all in the terms and according to the authority granted to the Railway Company and to its board of directors and particularly by Article 9 of the said Decree of July 6, 1907, and by Section 1, Clause 9 of said Public Deed of Incorporation, dated March 28, 1908, and therefore hath granted, bargained, sold, aliened, remised, released, conveyed, confirmed, assigned, transferred, pledged and set over, and by this Indenture doth grant, bargain, sell, alien, remise, release, convey, confirm, assign, transfer, pledge and set over unto the Trustee and its successors under this Indenture, and its and their assigns :

FIRST. The following bonds and obligations of the Central Railway and of the National Railroad and the following shares in the capital stocks thereof:

A. *The following bonds of the Central Railway :*

(*a*) **$3,744,000** face amount, Priority Five Per Cent Bonds maturing July 1, 1939 ;

(*b*) **$173,977.50** face amount, First Mortgage Bonds and Scrip, Assented ;

(*c*) **$100,320,000** face amount, Consolidated Mortgage Four Per Cent. Bonds maturing July 1, 1911 ;

(*d*) **$17,794,100** face amount, First Consolidated Income Bonds maturing January 10, 1939 ;

(*e*) **$10,548,000** face amount, Second Consolidated Income Bonds maturing January 10, 1939 ;

(*f*) **$286,000** face amount, Registered Income Bonds maturing July 1, 1911.

B. **553,522** *shares in the capital stock of the Central Railway.*

C. **608,083** *shares in the capital stock of the National Railroad as follows* :

(*a*) **282,174** shares Preferred Stock ;

(*b*) **215,644** shares Second Preferred Stock ;

(*c*) **112** shares Common Stock ;

(*d*) **110,153** shares Deferred Stock.

D. *All additional bonds of the Central Railway of any of the classes aforesaid and all other bonds, obligations or indebtedness of the Central Railway and all additional shares in the stock of the Central Railway at any time acquired by the Railway Company, other than the Three Year Five Per Cent. Gold Notes and the Four Year Five Per Cent. Gold Notes of the Central Railway, hereinafter in Clause Second of this Granting Clause described, which, when acquired, are to be cancelled by the Railway Company.*

E. *All additional shares of stock of any class of the National Railroad at any time acquired by the Railway Company, and all Prior Lien Four and One-Half Per Cent. Gold Bonds and all First Consolidated Mortgage Four Per Cent. Gold Bonds of the National Railroad and all other bonds or obligations of the National Railroad at any time acquired by the Railway Company.*

SECOND. The following stocks and securities:

Subject, however, as to the securities specified in Subdivisions C, D and F of this Clause, to the prior pledge and assignment thereof under the trust agreement dated September 1, 1905, between the Central Railway of the first part, Walter T. Rosen and Harry Bronner of the second part and Central Trust Company of New York, Depository, of the third part, securing a total authorized issue of $10,000,000 Three Year Five Per Cent. Gold Notes of the Central Railway maturing September 1, 1908 (herein termed the Three Year Five Per Cent. Gold Notes of the Central Railway); and subject thereto, under the trust agreement dated July 2, 1906, between the Central Railway of the first part, Ernst Thalmann, Hans Winterfeldt and Benjamin S. Guinness, Trustees, of the second part, and The New York Trust Company, Depositary, of the third part, securing a total authorized issue of $35,000,000 Four Year Five Per Cent. Gold Notes of the Central Railway, maturing July 1, 1910 (herein termed the Four Year Five Per Cent. Gold Notes of the Central Railway), aud as to the securities specified in Subdivision E of this Clause to the prior pledge thereof under said trust agreement of July 2, 1906, last mentioned.

(A) **70,000** *shares in the capital stock of the Mexican Pacific Railway Company, constituting the entire capital stock of that company;*

(B) **32** *shares in the capital stock of the Tampico Harbor Company, constituting the entire issued capital stock of that Company;*

(C) **$5,000,000** *face amount, First Mortgage Five Per Cent. Gold Bonds of said Mexican Pacific Railway Company maturing September 1, 1945, guaranteed principal and interest by the Central Railway;*

(D) **$2,500,000** *face amount, First Mortgage Five Per Cent. Terminal Bonds of the Tampico Harbor Company, maturing January 1, 1924, guaranteed principal and interest by the Central Railway, subject after September 1, 1908, to exchange for the like face amount of First and Refunding Mortgage Bonds of said Tampico Harbor Company, part of a total*

authorized issue of $10,000,000, maturing July 1, 1947, bearing interest at the rate of five per cent. per annum and guaranteed principal and interest by the Central Railway ;

(E) **$2,500,000** *face amount, of said First and Refunding Mortgage Five Per Cent. Bonds of Tampico Harbor Company, maturing July 1, 1947, guaranteed principal and interest by the Central Railway ;*

(F) **$5,000,000** *face amount, First Consolidated Income Bonds of the Central Railway ;*

(G) **990** *shares of the Mexican-American Steamship Company, constituting the entire issued capital stock of that Company ;*

(H) **450** *shares of The Central Mexico Railroad Company, constituting the entire issued capital stock of that Company.*

THIRD. The following stocks and securities :

Subject, however, as to the stocks and securities specified in Subdivisions A and B of this Clause, to the prior pledge and deposit thereof under the Trust Agreement, dated October 1, 1903, between the National Railroad and Central Trust Company of New York, securing an issue of $10,000,000 Five Per Cent. Gold Notes of the National Railroad, payment of which has been extended until April 1, 1909.

A. *The following shares and stock of Interoceanic Railway Company of Mexico (Acapulco to Vera Cruz) Limited (hereinafter termed the Interoceanic Railway) :*

(*a*) **125,183** Ordinary Shares of the par value of £10 each ;

(*b*) **10,200** Preferred Shares of the par value of £10 each ;

(*c*) **£1,038,400,** par value, Four and One-Half Per Cent. Second Debenture Stock.

B. *The following bonds :*

(*a*) **$3,000,000** face amount First Consolidated Mortgage Four Per Cent. Gold Bonds of the Mexican

International Railroad Company (hereinafter termed the International Railroad), stamped ;

(*b*) **$2,540,000** face amount, First Consolidated Mortgage Four Per Cent. Gold Bonds of the National Railroad.

C. *All other shares and stock and all bonds, debentures, obligations and indebtedness of the Interoceanic Railway at any time acquired by the Railway Company.*

D. *All other bonds, obligations and indebtedness and all shares of the stock of the International Railroad at any time acquired by the Railway Company.*

FOURTH: All and singular the following property of the Central Railway, when acquired by the Railway Company ;

Subject, however, as to the property embraced therein respectively to the

1. First Mortgage of the Central Railway to Boston Safe Deposit and Trust Company, dated June 1, 1881 ; to the
2. Income Mortgage of the Central Railway to American Loan and Trust Company, dated July 1, 1881 ; to the
3. Consolidated Mortgage of the Central Railway to American Loan and Trust Company, dated January 1, 1889 ; and to the
4. Consolidated Income Indenture of the Central Railway to American Loan and Trust Company, dated January 1, 1889.

A. *The following lines of railway and telegraph :*

(*a*) A main line extending from the City of Mexico to Ciudad Juarez, in the State of Chihuahua, a distance of about 1,224.16 miles ;

(*b*) A line extending from the Port of Tampico, in the State of Tamaulipas, to Paredon, in the State of Coahuila, a distance of about 370.48 miles (formerly operated by the Monterrey and Mexican Gulf Railway Company) ;

(*c*) A line extending from Chicalote, in the State of Aguascalientes, to the Port of Tampico, in the State of Tamaulipas, a distance of about 406.93 miles ;

(*d*) A line extending from Tula to Pachuca, both in the State of Hidalgo, a distance of about 43.81 miles ;

(*e*) A line extending from Lechería, in the State of Mexico, to Apulco, in the State of Hidalgo, a distance of about 87.98 miles ; a line extending from Tepenacasco, in the State of Hidalgo, to Honey, in the State of Puebla, a distance of about 21.85 miles, and a line extending from Tellez to Pachuca, both in the State of Hidalgo, a distance of about 10.94 miles ;

(f) A line extending from Irapuato, in the State of Guanajuato, to Ameca, in the State of Jalisco, a distance of about 217.06 miles ;

(g) A line extending from Yurécuaro to Los Reyes, both in the State of Michoacan, a distance of about 86.16 miles ;

(h) A line extending from Jimenez, in the State of Chihuahua, to Rosario, in the State of Durango, a distance of about 95.79 miles, with a branch thereof extending from Adrian to Santa Barbara, both in the State of Chihuahua, a distance of about 5.47 miles ;

(i) A line extending from the City of Mexico in the Federal District, to Rio Balsas, in the State of Guerrero, a distance of about 181.25 miles ;

(j) A line extending from Silao to Guanajuato, both in the State of Guanajuato, a distance of about 15.08 miles ;

(k) A line extending from Guadalajara to Tuxpan, both in the State of Jalisco, a distance of about 119.68 miles ; a line extending from La Vega to San Márcos, both in the State of Jalisco, a distance of about 29.37 miles ;

(l) A line extending from San Bartolo to Rio Verde,

both in the State of San Luis Potosí, a distance of about 26.47 miles ;

(m) A line extending from Torreon to Saltillo, both in the State of Coahuila, a distance of about 200.11 miles ;

(n) A line extending from Ocotlan to Atotonilco, both in the State of Jalisco, a distance of about 22.22 miles ;

(o) A line extending from Saltillo to Paredon, both in the State of Coahuila, a distance of about 47.06 miles ; also a line extending from San Pedro to Paredon, both in the State of Coahuila, a distance of about 137.72 miles ;

(p) A line extending from Gomez Palacio, in the State of Durango, to San Pedro, in the State of Coahuila, a distance of about 39.78 miles ;

(q) A line extending around the City of Mexico, known as the Mexico City Belt Line, about 5.95 miles in length ;

(r) A line in the City of Mexico, known as the Santiago Branch, from the Main Line to the custom house at Santiago, about 1.40 miles ;

(s) A line from San Luis Potosí to Compañía Metalúrgica Mexicana smelter, in the State of San Luis Potosí, about 5.19 miles ;

(t) A line extending from a point on the Main Line between the City of Mexico and Ciudad Juarez at kilometer 1163 to the Dynamite Works at Dinamita in the State of Durango, about 6.21 miles ;

(u) A line extending from a point on the Main Line between the City of Mexico and Ciudad Juarez at kilometer 1228 to the Sulphur Mine at Azufre, about 3.25 miles ;

(v) A concession for the construction of a line of railway and telegraph from Colima to Autlan, both in

the State of Colima, granted to the Central Railway by a contract dated March 30, 1906, between Leandro Fernandez, representing the Executive of the Union, and Pablo Martinez del Rio, representing the Central Railway;

(w) All contracts or concessions for the construction, maintenance or operation of lines of railway within the Republic of Mexico or any of the States of said Republic granted or assigned to or acquired by the Central Railway, together with all the right, title and interest of the Central Railway in, to, under and by virtue of any of said concessions or contracts.

B. *Appurtenances of the above mentioned lines of railway and telegraph:*

All station, depot and terminal grounds, station houses, depots, warehouses, engine houses, carhouses, water stations, machine shops, office buildings and other structures belonging and appertaining to the said lines and parts of lines of railway, including the San Lázaro Station and station lands in the city of Mexico.

All telegraph lines, including all poles, wires and instruments, all rights of way, station and depot grounds, all tunnels, roadbeds, spurs, second tracks and additional main tracks, turnouts, switches, sidings and turntables, all superstructures, bridges, stringers, ties, rails, frogs, chairs, bolts, splices and other railroad appurtenances, all terminals and terminal properties, all station-houses, warehouses, freight houses, engine houses, car houses, water stations, water tanks, water supply, machine shops and other structures, all engines, tenders, cars and other rolling stock and equipment, all furniture, machinery, tools, implements, materials and supplies, and all other property, real, personal and mixed, appurtenant to any of

said lines of railway and branches, and all tolls, revenues, earnings, income, rents, issues and profits thereof, and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of the Railway Company, of, in and to the said railways, branches, premises and property and every part and parcel thereof, with the appurtenances and the concessions and franchises appertaining or hereafter to appertain thereto.

C. *The leasehold interest of the Central Railway in and to the properties hereinafter mentioned and the concessions and franchises therefor :*

(*a*) A line of railway from Rincon de Romos to Cobre, in the State of Aguascalientes, a distance of 10.85 miles, leased to the Central Railway by the Mexican Union Railway Company for a term of twenty years from April first, 1894, by an Agreement of Lease between the said Companies, dated the 28th day of December, 1900 ;

(*b*) Terminals and terminal properties, yards, stations, wharves and other terminal facilities at the Port of Tampico, including a line of railway from the Port of Tampico to La Barra, both in the State of Tamaulipas, a distance of 6.21 miles, leased by an Agreement of Lease between said Companies, dated January 2, 1894, amended by an Agreement between said Companies, dated December 30, 1907.

D. *All other lines of railway and appurtenant and incident property which the Central Railway may at any time hereafter acquire and all stocks of other corporations owning or operating lines of railroad or appurtenant or incident properties, and bonds or obligations thereof which the Central Railway may hereafter acquire, and all railway and other concessions and franchises which the Central Railway may acquire.*

FIFTH. All and singular the following property of the National Railroad, when acquired by the Railway Company:

Subject, however, as to the property embraced therein respectively to the

1. Prior Lien Mortgage of the National Railroad to Union Trust Company of New York, dated March 15, 1902; and to the

2. First Consolidated Mortgage of National Railroad to Central Trust Company of New York, dated March 15, 1902.

A. *The following lines of railroad and telegraph:*

(a) The main line called the International Line extending from the City of Mexico (Colonia Station) to the City of Nuevo Laredo, in the State of Tamaulipas, a distance of about 1289 kilometers, by way of what was formerly known as the El Salto Branch, to a point on the old International Line now called Gonzalez Junction, in the State of Guanajuato;

(b) The International Bridge, extending from the City of Nuevo Laredo, in the State of Tamaulipas, to the City of Laredo, in the State of Texas, in the United States of America, forming a part of the International Line;

(c) The line called the Interoceanic Line, extending from the City of Mexico (Santiago Station), to the City of Pátzcuaro, in the State of Michoacan, a distance of about 440.8 kilometers, by way of Toluca, Maravatio, Acámbaro and Morelia, of which the portion from Tacuba Junction to Pátzcuaro is narrow guage;

(d) The line (narrow guage), extending from the City of Pátzcuaro to the City of Uruapan, in the State of Michoacan, a distance of about 74.41 kilometers;

(e) The line known as the Cintura Line, extending from the Santiago station of the National Railroad, in the City of Mexico, via the Station of San Lázaro, on the Interoceanic Railway, to a connection with the line of

the San Rafael y Atlixco Railroad; with branches, one to the Viga Canal, the other to the Fábrica called El Salvador, all in the Federal District; total length of about 10.26 kilometers;

(f) The Line, formerly constituting a part of the old International Line, extending from Acámbaro to Gonzalez Junction, both in the State of Guanajuato, a distance of about 85.26 kilometers;

(g) The line known as the Salamanca branch, extending from San Juan de la Vega by way of Salamanca to Jaral del Valle, both in the State of Guanajuato, a distance of about 80.31 kilometers;

(h) The line formerly belonging to the Guanajuato, San Luis de la Paz y Pozos Railway Company, of which the part between Rincon, on the International Line, and Pozos, both in the State of Guanajuato, has been constructed, having a length of about 59.72 kilometers;

(i) The line known as the Matehuala Branch, extending from Vanegas, on the International Line, to Matehuala, both in the State of San Luis Potosí, with a branch thereof running from Cedral to Potrero, in said State, having a total length of about 64.90 kilometers;

(j) The line known as the Matamoros Division, extending from Monterrey, in the State of Nuevo Leon, on the International Line, to Matamoros, on the Rio Grande, in the State of Tamaulipas, a distance of about 330 kilometers;

(k) The line known as the Colombia Branch, extending from La Jarita, on the International Line, to Colombia, both in the State of Nuevo Leon, a distance of about 32.62 kilometers;

(l) All contracts or concessions for the construction, maintenance or operation of lines of railway within the Republic of Mexico or any of the States of said Repub-

lic, granted or assigned to or acquired by the National Railroad, together with all the right, title and interest of the National Railroad in and to, under and by virtue of any of the said concessions or contracts.

B. *Appurtenances of the above mentioned lines of railroad and telegraph :*

All station, depot and terminal grounds, station houses, depots, warehouses, engine houses, car houses, water stations, machine shops, office buildings and other structures belonging and appertaining to the said lines and parts of lines of railway, including the Santiago Station and station lands in the City of Mexico, and the Colonia Station and station lands in said city.

All telegraph lines, including all poles, wires and instruments, all rights of way, station and depot grounds, all tunnels, roadbeds, spurs, second tracks and additional main tracks, turnouts, switches, sidings and turntables, all superstructures, bridges, stringers, ties, rails, frogs, chairs, bolts, splices and other railroad appurtenances, all terminals and terminal properties, all station houses, warehouses, freight houses, engine houses, car houses, water stations, water tanks, water supply, machine shops and other structures, all engines, tenders, cars and other rolling stock and equipment, all furniture, machinery, tools, implements, materials and supplies, and all other property, real, personal and mixed, appurtenant to any of said lines of railways and branches, and all tolls, revenues, earnings, income, rents, issues and profits thereof, and also all the estate, right, title, interest, property, possession, claim and demand whatsoever, as well in law as in equity, of the Railway Company, of, in and to the said railways, branches, premises and property and every part and parcel thereof, with the appurtenances and the

concessions and franchises appertaining or hereafter to appertain thereto.

C. *The following shares of stock :*

(a) **24,950** shares in the capital stock of the Texas-Mexican Railway Company ;

(b) **63,000** shares in the capital stock of the Hidalgo and Northeastern Railroad Company, Limited ;

(c) **157,852** shares in the capital stock of the International Railroad.

D. *The following bonds :*

(a) $**1,380,000** face amount, Six Per Cent. Bonds of the Texas-Mexican Railway Company, secured by a mortgage purporting to constitute a first lien upon all the Texas-Mexican Railway Company's properties, but which in fact constitutes a first lien on said properties except the line of railroad and telegraph from Corpus Christi to Laredo, and, on that line, a second lien subject to a prior lien securing certain Seven Per Cent. Bonds to the face amount of nine hundred and sixty thousand dollars ($960,000), issued by said Texas-Mexican Railway Company under its former name of the Corpus Christi, San Diego and Rio Grande Narrow-Gauge Railroad Company ; and said

(b) $**960,000** face amount, Seven Per Cent. Bonds of Corpus Christi, San Diego and Rio Grande Narrow-Gauge Railroad Company ;

(c) $**4,499,000** face amount, Income Bonds of the International Railroad maturing September 1, 1977, constituting the entire issue thereof.

E. *The leasehold interest of the National Railroad in and to the properties hereinafter mentioned, and the concessions and franchises therefor.*

(*a*) The Michoacan and Pacific Railway (Maravatio to Zitacuaro, with branch to Angangueo, State of Micho-

acan, about 56.9 miles) under lease from Michoacan and Pacific Railway Company, Limited, to Mexican National Railroad Company, dated July 16, 1900, for term of twenty-five years from August 1, 1900, filed in the office of the Notary Juan M. Villela, City of Mexico, November 10, 1900, by decree of Second Civil Judge.

F. *All other lines of railway and appurtenant and incident property which the National Railroad may at any time hereafter acquire, and all stocks of other corporations owning or operating lines of railroad or appurtenant or incident properties, and bonds or obligations thereof, which the National Railroad may hereafter acquire, and all railway and other concessions and franchises which the National Railroad may acquire.*

SIXTH. Any and all lines of railway, extensions and branches, telegraph and telephone lines, and any and all terminal properties, depots, yards, shops, machinery, tools, rolling stock and other equipment, docks, wharves, landings, railway bridges, boats, ferries, and any and all bonds, stocks and other property of every kind or description (notwithstanding that the same are not now particularly set forth in this Indenture), which from time to time, in the manner hereinafter provided, shall be acquired or constructed in whole or in part by the use of any of the Prior Lien Bonds or the proceeds thereof; together with all and singular the concessions, franchises, rights and privileges appurtenant to or used in connection with such lines of railway, extensions, branches, telegraph and telephone lines, and any and all the rents, issues, profits, tolls and other income thereof.

SEVENTH. Any and all lines of railway, extensions and branches, telegraph and telephone lines, and any and all terminal properties, depots, yards, shops, machinery, tools, rolling stock and other equipment, docks, wharves, landings, railway bridges, boats, ferries, and any and all bonds, stocks and other property of every kind or description (notwithstanding that the same are not now particularly set forth in this Indenture and in priority to the charge

thereon of the General Mortgage), which, from time to time, shall be acquired or constructed in whole or in part by the use of any of the General Mortgage bonds or the proceeds thereof, or shall in any manner become subject to the General Mortgage; together with all and singular the concessions, franchises, rights and privileges appurtenant to or used in connection with such lines of railway, extensions, branches, telegraph and telephone lines, and any and all the rents, issues, profits, tolls and other income thereof.

EIGHTH. Any and all additions, improvements and betterments, at any time acquired or constructed, to or upon or in connection with any and all lines of railway, extensions, branches, telegraph and telephone lines, at any time subject to this Indenture; any and all property, real or personal, of every kind or description, acquired for use upon or in connection with or for the purpose of such lines of railway, extensions or branches, telegraph or telephone lines; and any and all corporate rights, privileges and franchises and all concessions which the Railway Company may at any time acquire, possess or exercise, or be or become entitled to possess or to exercise, in, to, upon or in respect of such lines of railway, extensions or branches, telegraph and telephone lines, or any part thereof; and any and all property real or personal, rights and things, which the Railway Company may or shall possess, or become entitled to possess, for the purposes of, or in connection with, such lines of railway or any such extension, branch, telegraph and telephone lines; and any and all the rents, issues, profits, tolls and other income of such lines of railway and of any and all such extensions, branches, telegraph and telephone lines.

NINTH. All leases and trackage contracts, the leasehold or other rights under which at any time may become subject to this Indenture, and all renewals and extensions of any and all such leases and trackage contracts.

TENTH. Any and all property of every name and nature, including stocks and bonds, from time to time hereafter by delivery or by writing of any kind for the purposes hereof, conveyed, mortgaged, pledged, assigned or trans-

ferred by the Railway Company, or by any one in its behalf, to the Trustee, which is hereby authorized to receive any property at any and all times, as and for additional security, and also, when and as hereinafter provided, as substituted security, for the payment of the Prior Lien Bonds and subject thereto, for the payment of the General Mortgage Bonds, and to hold and apply any and all such property subject to the terms hereof.

But nothing in this Indenture is intended or shall be construed to limit the right or power of the Railway Company, by the use exclusively of resources or financial arrangements other than those provided by the Prior Lien Bonds or the General Mortgage Bonds, to construct or acquire, free from the lien of this Indenture, any property not purporting or agreed to be embraced in this Indenture nor appurtenant to any of the lines of railway or terminal properties in the System of the National Railroad or the System of the Central Railway, intending by said term System to include lines of railway and terminal properties of controlled or subsidiary companies.

To have and to hold the premises, railways, properties, real and personal, concessions, rights, franchises, estates and appurtenances hereby conveyed or assigned, or intended to be conveyed or assigned, unto the Trustee and its successors under this Indenture, and its and their assigns forever ;

In trust, nevertheless, for the common and equal use, benefit and security of all and singular the person or persons, firm or firms, bodies politic or corporate, who shall from time to time be holders of any of the Prior Lien Bonds or coupons, and without preference of any of the Prior Lien Bonds over any of the others by reason of priority in the time of issue or negotiation thereof, or otherwise howsoever ; subject to the terms, provisions and stipulations in the Prior Lien Bonds contained, and for the uses and purposes and upon and subject to the terms, conditions, provisos and agreements hereinafter expressed and declared.

ARTICLE I.

PROVISIONS AS TO BONDS.

Section 1. From time to time the Prior Lien Bonds shall be executed by the Railway Company, and delivered by it to the Trustee for authentication; and thereupon, as provided in Article II hereof, and not otherwise, the Trustee shall authenticate and deliver the same. At the option of the Railway Company, from time to time, any of such bonds may be executed, authenticated and delivered originally either as coupon bonds or as registered bonds. The aggregate amount of all the Prior Lien Bonds which may be issued and be outstanding at any one time under this Indenture, shall not, except as hereinafter in Section 5 of Article II provided, exceed the principal amount of **$225,000,000.** In case any officer who shall have signed and sealed any of the Prior Lien Bonds shall cease to be such officer of the Railway Company before the bonds so signed and sealed shall have been actually authenticated and delivered by the Trustee , such bonds may, nevertheless, be adopted by the Railway Company and be issued, authenticated and delivered, as though the persons who signed and sealed such bonds had not ceased to be officers of the Railway Company. The coupons to be attached to such bonds shall be authenticated by the engraved signature of the present treasurer or of any future treasurer of the Railway Company, and the Railway Company may adopt and use for that purpose the engraved signature of any person who shall have been such treasurer, notwithstanding the fact that he may have ceased to be such treasurer at the time when such bonds shall be actually authenticated and delivered. Before authenticating or delivering any coupon bond, all coupons thereon then matured, shall be cut off and cancelled and, on its written demand, delivered to the Railway Company ; and the Trustee shall not authenticate or deliver

any registered bond bearing date on any interest day or bearing interest from a date more than six months prior to such authentication. Only such bonds as shall bear thereon the authentication, duly executed by the Trustee, substantially in the form hereinbefore recited, shall be secured by this Indenture, or shall be entitled to any lien or benefit hereunder, and such authentication by the Trustee upon any such bond shall be conclusive evidence that the bond so authenticated was duly issued, and that the holder is entitled to the benefit of this Indenture.

The Railway Company, with all convenient speed, shall cause this Indenture to be recorded in the Public Registry of the City of Mexico in accordance with said Decree of the Federal Executive of July 6, 1907, but on the request of the Railway Company, and within the limitations hereinafter prescribed, Prior Lien Bonds shall be authenticated and delivered hereunder, although in advance of such recording of this Indenture, whenever the Trustee shall have received the stocks and securities specified in Subdivisions A, B and C of Clause First and Subdivisions A and B of Clause Second of the Granting Clause.

Section 2. All the Prior Lien Bonds shall be made payable, both as to principal and interest, in the City of New York, and all coupon bonds also at the holder's option in Mexico, D. F., at the fixed rate per $1,000 of two thousand Mexican Gold Pesos of or equal to the standard of weight and fineness existing on the first day of July, 1907, and in London, England, at the fixed rate per $1,000 of £205 15s. 2d.

All or any of the coupon Prior Lien Bonds may, at the election of the Railway Company be also made payable, both as to principal and interest and if the Railway Company shall so determine, at the holder's option, elsewhere in Europe as may be expressed in said bonds; if in Germany, at the fixed rate per $1,000 of 4200 Marks, D. R. W.; if in France, Belgium or Switzerland, at the fixed rate per $1,000 of 5180

francs ; and if in Holland, at the fixed rate per $1,000 of 2480 guilders.

All the Prior Lien Bonds shall be expressed in the English and Spanish languages and they or any of them may also be expressed in French or German or both of those languages, the English text to govern in the construction thereof.

Section 3. The Railway Company will keep in the Borough of Manhattan in the City of New York, at the office of the Trustee for the time being under this Indenture, a sufficient register or registers of Prior Lien Bonds which shall at all reasonable times be open for inspection by the Trustee, and upon presentation for such purpose, the Railway Company will, under such reasonable regulations as it may prescribe, register therein any of the Prior Lien Bonds. The holder of any Prior Lien Bond may have the ownership thereof registered on said books, such registry being noted on the bond, after which no transfer shall be valid unless made on said books by the registered holder in person or by his attorney duly authorized and noted on the bond, but the same may be discharged from registry by being in like manner retransferred to bearer, after which it shall be transferable by delivery. Such registration shall not affect the negotiability of the coupons belonging to any coupon bond, but every such coupon shall continue to pass by delivery and shall remain payable to bearer.

Section 4. The coupon bonds may, at the election of the Railway Company, be issued in the denominations of one thousand dollars ($1,000), of five hundred dollars ($500) and of one hundred dollars ($100). The coupon bonds for $1,000 shall be numbered M 1 and consecutively upwards, the coupon bonds for $500 shall be numbered D 1 and consecutively upwards and the coupon bonds for $100 shall be numbered C 1 and consecutively upwards.

The registered bonds may be for one thousand dollars ($1,000), or for such multiples thereof as the Railway Company

may by resolution from time to time authorize. Whenever any bonds shall be issued originally as registered bonds, there shall be reserved by the Railway Company unissued an aggregate principal amount of coupon bonds of the denomination of $1,000, equal to the aggregate principal amount of the registered bonds so issued, and the serial numbers of the coupon bonds so reserved unissued, shall be endorsed on such registered bonds. Whenever any registered bond shall be surrendered for transfer, the Railway Company shall issue, and the Trustee shall authenticate and deliver, upon surrender and cancellation of the bond or bonds transferred, a like principal amount of new registered bonds, bearing interest at the same rate from the last preceding interest day and which shall have endorsed thereon the same serial number or numbers of coupon bonds which were endorsed upon the registered bond or bonds so surrendered and cancelled. The holder of any registered bond may also exchange such bond, upon surrender and cancellation thereof, for a like principal amount of coupon bonds of the denomination of $1,000, bearing all unmatured coupons and bearing the serial number or numbers endorsed on the registered bond so surrendered and cancelled. Whenever any coupon bond or bonds for $1,000, together with all unmatured coupons belonging thereto, shall be surrendered for exchange for a registered bond, the Railway Company shall execute, and the Trustee shall authenticate, and in exchange for such coupon bond or bonds, shall deliver, a like principal amount of registered bonds bearing interest from the date of the last matured coupon of the surrendered bond or bonds, and which shall have endorsed thereon the serial number or numbers borne by the coupon bond or bonds so surrendered for exchange.

Every registered bond shall bear thereon an endorsement in the following form:

> "This bond is issued in lieu of, or in exchange for, coupon bonds bearing the serial numbers M-----------, and coupon bonds bearing the same serial numbers will

> be issued in exchange for this bond, upon surrender and cancellation hereof. Coupon bonds bearing said serial numbers are not contemporaneously issued and outstanding."

Nevertheless the Railway Company shall not be required to exchange any $1,000 coupon bond for a registered bond, after notice of redemption of any such coupon bond or of call for its purchase for the Sinking Fund shall have been advertised as provided in Article III or Article IV, or, until compliance by the registered holder with the requirements of said Articles in that behalf, to transfer any registered bond, or to exchange any registered bond for a coupon bond or bonds, after notice of redemption or of call for purchase for the Sinking Fund of any of the coupon bonds, the numbers of which shall be endorsed on such registered bond, shall have been advertised as provided in said Articles.

In every case of exchange or transfer under any of the provisions of this Article, the Trustee forthwith shall cancel the surrendered bonds and if coupon bonds, the appurtenant coupons, and, upon written demand, shall deliver the same to the Railway Company.

The Railway Company, for any exchange or transfer of bonds provided for in this Section, at its option, may require the payment of a sum sufficient to reimburse it for any stamp tax or governmental charge, and, in addition thereto, such further sum as it may from time to time prescribe (not to exceed one dollar for each new coupon bond or registered bond issued upon such exchange or transfer) to meet other expenses connected therewith.

Section 5. As to all registered bonds and all coupon bonds registered as to principal, the person in whose name the same shall be registered shall, for all purposes of this Indenture, be deemed and regarded as the owner thereof, and thereafter payment thereon—of the principal, if such bond shall be a coupon

bond registered as to principal, and of the principal and interest if it be a registered bond—shall be made only to or upon the order of such registered holder thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge liability upon such bonds to the extent of the sum or sums so paid. The Railway Company and the Trustee may deem and treat the bearer of any coupon bond which shall not at the time be registered as to principal, and the bearer of any coupon for interest upon such bond, whether such bond shall be registered or not, as the absolute owner of such bond or coupon for the purpose of receiving payment thereof and for all other purposes whatsoever, and the Railway Company and the Trustee shall not be affected by any notice to the contrary.

Section 6. Until the definitive Prior Lien Bonds can be engraved and printed, the Railway Company may execute, and upon its request the Trustee shall authenticate and deliver, in lieu of such engraved bonds and subject to the same provisions, limitations and conditions, temporary printed or lithographed bonds, either registered or negotiable by delivery, and substantially of the tenor of the definitive bonds, except that no coupons shall be attached to such temporary bonds, and that such temporary bonds may be for one thousand dollars or any multiple thereof as the Railway Company shall determine. Each such temporary bond shall bear upon its face the words "Temporary Prior Lien Four and One-Half Per Cent. Fifty-Year Sinking Fund Redeemable Gold Bond, exchangeable for a like face amount of Engraved Bonds," and shall be authenticated by the Trustee in like manner as hereinabove provided for the definitive bonds and the authentication of the Trustee shall be conclusive evidence that the bond so authenticated has been duly issued hereunder, and that the holder is entitled to the benefit of this Indenture. Such temporary bonds shall be exchangeable for definitive en-

graved bonds. Upon surrender of such temporary bonds for exchange, such temporary bonds shall forthwith be cancelled by the Trustee and delivered to the Railway Company on its written demand, and the Railway Company, at its own expense, shall issue, and the Trustee shall authenticate and deliver in exchange therefor, engraved bonds for the same aggregate principal amount as the temporary bonds surrendered ; and until so exchanged, each of such temporary bonds shall, in all respects, be entitled to the lien and security of this Indenture as a bond issued and authenticated hereunder, and interest, when and as payable, shall be paid and endorsed thereon.

Section 7. In case any coupon bond with the coupons belonging thereto, or any registered bond shall become mutilated or shall be lost or destroyed, the Railway Company, in its discretion, may execute, and thereupon the Trustee shall authenticate and shall deliver, a new bond (including coupons in case of a coupon bond) in exchange for, and upon cancellation of, the mutilated coupon bond and its coupons, or the mutilated registered bond, or in lieu of the coupon bond and its coupons or the registered bond so lost or destroyed, upon receipt of evidence satisfactory to the Railway Company and the Trustee of the loss or destruction of such coupon bond and its coupons, or of such registered bond, and upon receipt also of indemnity satisfactory to both of them.

Section 8. Nothing in this Indenture or in the Prior Lien Bonds expressed or implied is intended or shall be construed to give any person or corporation other than the parties hereto and the holders of the Prior Lien Bonds, any legal or equitable right, remedy or claim under or in respect of this Indenture, or under any covenant, condition or provision herein contained ; all the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto and of the holders of the Prior Lien Bonds.

ARTICLE II.

AUTHENTICATION AND DELIVERY OF BONDS.

The Trustee shall authenticate the Prior Lien Bonds and shall deliver the same as follows :

SECTION 1. **$62,986,777.50** face amount of the Prior Lien Bonds shall be authenticated by the Trustee and be delivered to Kuhn, Loeb & Co., Speyer & Co., Ladenburg, Thalmann & Co., Hallgarten & Co., Speyer Brothers, Bank für Handel und Industrie and Berliner Handelsgesellschaft, Readjustment Managers, for which the receipt of Kuhn, Loeb & Co., Speyer & Co., Ladenburg, Thalmann & Co. and Hallgarten & Co. or of any three of said firms shall be sufficient.

SECTION 2. **$10,000,000** face amount, of the Prior Lien Bonds shall, from time to time, be authenticated by the Trustee and be delivered upon the written order of the Railway Company.

SECTION 3. **$6,000,000,** face amount, of the Prior Lien Bonds shall be authenticated by the Trustee and delivered as the Chairman of the Board of Directors of the Railway Company may in writing direct without further action on the part of the Railway Company.

SECTION 4. **$7,308,185** face amount of the Prior Lien Bonds, or so many thereof as may be necessary for that purpose, shall be reserved to be issued and delivered in exchange for, or to take up or to acquire at, before or after maturity, the following bonds of the Central Railway in addition to those described in the Granting Clause :

(*a*) **$2,853,000** face amount, Priority Five Per Cent. Bonds ;

(*b*) **$91,085** face amount, First Mortgage Seven Per Cent. Bonds (and Scrip) Assented ;

(*c*) **$8,700,000** face amount, Consolidated Mortgage Four Per Cent. Bonds.

Whenever, and whether before or at or after maturity thereof, the Railway Company shall tender or cause to be tendered to the Trustee any of said bonds with all coupons, if any, thereunto belonging and unmatured at the time of such tender, the Trustee shall, in exchange therefor, authenticate and deliver to the Railway Company or on its order, Prior Lien Bonds as follows:

(*d*) to a face amount equal to the face amount of the Assented First Mortgage Bonds (and Scrip) so tendered;

(*e*) to a face amount equal to seventy per cent. of the face amount of the Priority Five Per Cent. Bonds so tendered;

(f) to a face amount equal to sixty per cent. of the face amount of the Consolidated Mortgage Bonds so tendered.

Unless and until cancelled in accordance with the provisions of this Indenture, all said bonds of the Central Railway delivered to the Trustee, shall be held by the Trustee without impairment of lien, and as additional security under this Indenture and upon the trusts herein declared.

At any time or times at or after the maturity of any of said classes of bonds of the Central Railway, or within twelve months before such maturity, the Railway Company may sell Prior Lien Bonds in order to provide the means to purchase such of said bonds of the Central Railway as shall not theretofore have been delivered to the Trustee and be held by the Trustee under this Indenture, and which have matured or are to mature or become payable within twelve months; and the Trustee shall authenticate and shall deliver to the Railway Company, or upon its order, Prior Lien Bonds to the like face amount as would be issuable under the foregoing provisions of this Section in exchange for such of said bonds of the Central Railway as have matured or are to mature within twelve months; *provided*, that the face

amount of the Prior Lien Bonds so authenticated and delivered shall simultaneously be deposited in cash with the Trustee in exchange therefor. Out of the cash so received by the Trustee, it shall, on the demand of the Railway Company and upon delivery to the Trustee of the bonds of the Central Railway so purchased by the Railway Company, pay to the Railway Company, or on its order, a sum equal to the face amount of the Prior Lien Bonds issuable in exchange for such bonds of the Central Railway so purchased.

A certificate signed by the chairman of the board of directors or the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Railway Company, as to any facts pertinent to the right under this Section to authenticate and deliver Prior Lien Bonds, shall, as regards the Trustee, be conclusive evidence of such facts and full authority for the action of the Trustee on the faith thereof in accordance therewith.

Section 5. **$23,000,000,** face amount, of the Prior Lien Bonds shall be reserved to be issued and delivered in exchange for or to take up or acquire at before or after maturity, $23,000,000, face amount of the Prior Lien Bonds of the National Railroad issued under the Prior Lien Mortgage of the National Railroad to Union Trust Company of New York, dated March 15, 1902; the bonds issued under said mortgage are hereinafter in this Section termed the National Prior Lien Bonds.

The Mexican International Railroad Company (herein termed the International Railroad), has been organized under the laws of the State of Connecticut, and has acquired concessions for, and owns and operates, various lines of railroad in the Republic of Mexico which connect with the system of railroads of the National Railroad.

The lines of railroad of the International Railroad are subject to two certain mortgages or deeds of trust—the first

dated August 6, 1897, made by the International Company to Union Trust Company of New York, as Trustee, to secure an issue of prior lien sterling Bonds, maturing September 1, 1947, bearing interest at the rate of four and one-half (4½) per cent. per annum, of which four thousand five hundred (4,500) bonds for two hundred pounds (£200) each, and three thousand (3,000) bonds for 100 pounds (£100) each, have been issued and are outstanding ; the second, dated August 6, 1897, made to the Metropolitan Trust Company of New York, as Trustee, to secure an issue of first consolidated mortgage bonds, limited to the face amount of sixteen million dollars ($16,000,000) at any one time outstanding, maturing September 1, 1977, bearing interest at the rate of four (4) per cent. per annum. The National Railroad owns a majority of the capital stock of the International Railroad and said stock is pledged under the First Consolidated Mortgage of the National Railroad dated March 15, 1902, made to Central Trust Company of New York, Trustee.

It is provided by the mortgage securing the National Prior Lien Bonds that if the National Railroad shall at any time desire to unify said mortgage debt of the International Railroad with the mortgage debt of the National Railroad, the National Railroad may, for that purpose, in addition to said twenty-three million dollars ($23,000,000) National Prior Lien Bonds now outstanding, execute and deliver additional National Prior Lien Bonds to an aggregate amount not exceeding $6,000,000 at the rate of one National Prior Lien Bond for each two hundred pounds (£200) prior lien bond or for two one hundred pounds (£100) prior lien bonds of the International Railroad.

For the purpose of taking up National Prior Lien Bonds issued for said prior lien bonds of the International Railroad, or if the Railway Company shall itself desire to take up said prior lien bonds of the International Railroad, the Railway Company in respect of said additional National Prior

Lien Bonds or said prior lien bonds of the International Railroad so taken up, shall be entitled to execute and deliver to the Trustee, and the Trustee shall thereupon authenticate, Prior Lien Bonds of the Railway Company to an amount not exceeding **$6,000,000** in excess of said total amount of **$225,000,000**, authorized under this Indenture, and not exceeding in the aggregate, under this Section 5, **$29,000,000** face amount thereof.

(a) Whenever the Railway Company shall tender or cause to be tendered to the Trustee, and whether before or at or after the maturity thereof, any of the National Prior Lien Bonds with all coupons, if any, thereunto belonging and unmatured at the time of such tender, the Trustee shall, in exchange therefor, authenticate and deliver to the Railway Company or on its order, Prior Lien Bonds to a face amount equal to the face amount of the National Prior Lien Bonds so tendered and bearing all unmatured coupons;

(b) Whenever the Railway Company shall tender, or cause to be tendered, to the Trustee, in amounts of two hundred pounds (£200) or any multiple thereof, and whether before or at or after the maturity thereof, any of said prior lien bonds of the International Railroad with all unmatured coupons thereunto belonging, the Trustee shall, in exchange therefor, authenticate and deliver to the Railway Company or on its order, Prior Lien Bonds of the Railway Company, bearing all coupons unmatured at the date of such exchange, at the rate of one thousand dollars, face amount, of Prior Lien Bonds of the Railway Company for each two hundred pounds (£200) prior lien bond or for two one hundred pounds (£100) prior lien bonds of the International Railroad.

Unless and until cancelled in accordance with the provisions of this Indenture, all said bonds delivered to the Trustee shall

be held by the Trustee without impairment of lien as additional security under this Indenture and upon the trusts herein declared.

At any time or times at or after the maturity of either class of said bonds, or within twelve months before such maturity, the Railway Company may sell Prior Lien Bonds in order to provide the means to purchase such of the National Prior Lien Bonds or of said prior lien bonds of the International Railroad as shall not theretofore have been delivered to the Trustee and be held by the Trustee under this Indenture, and which have matured or are to mature within twelve months; and the Trustee shall authenticate and shall deliver to the Railway Company, or upon its order, Prior Lien Bonds to a face amount equal to the face amount of such bonds as have matured or are to mature within twelve months (reckoning the pound sterling at five dollars for the purposes of this Section); *provided*, that the face amount of the Prior Lien Bonds so authenticated and delivered, shall, simultaneously, be deposited in cash with the Trustee in exchange therefor. Out of the cash so received by the Trustee, it shall, on the demand of the Railway Company and upon delivery to the Trustee of the National Prior Lien Bonds or of the prior lien bonds of the International Railroad so purchased by the Railway Company, pay to the Railway Company, or on its order, a sum equal to the face amount of such bonds so purchased.

A certificate signed by the chairman of the board of directors or the President or a Vice-President and by the Treasurer or an Assistant Treasurer of the Railway Company, as to any facts pertinent to the right under this Section to authenticate and deliver Prior Lien Bonds, shall, as regards the Trustee, be conclusive evidence of such facts and full authority for the action of the Trustee on the faith thereof, in accordance therewith.

Section 6. **$7,200,000,** face amount, of the Prior Lien Bonds shall be reserved to be issued and delivered (in connection with **$4,800,000,** face amount, of the General Mortgage Bonds, reserved under the General Mortgage for the same purpose) to take up and discharge, at or before maturity, $10,000,000 face amount of the Five Per Cent. Gold Notes of the National Railroad maturing April 1, 1909, issued under the Trust Agreement dated October 1, 1903, between the National Railroad and Central Trust Company of New York, Trustee.

Whenever at or before the maturity of said Notes, the Railway Company shall deliver, or cause to be delivered, to the Trustee, the securities pledged to secure said Notes, specified in Subdivisions A and B of Clause Third of the Granting Clause, the Trustee shall authenticate and deliver to the Railway Company or on its order, the Prior Lien Bonds reserved under this Section.

Section 7. **$13,005,000,** face amount, of the Prior Lien Bonds shall be reserved to provide funds to take up or discharge in the discretion of the Railway Company equipment obligations of the Central Railway outstanding at the date hereof or for use for other corporate purposes of the Railway Company and shall be authenticated and delivered from time to time on the written order of the Railway Company, made in pursuance of a resolution of its board of directors, a certified copy of which shall be lodged with the Trustee and which shall state that the Department of Finance of the Republic of Mexico has approved the issue of the bonds forming the subject of such resolution.

Sec. 8. **$47,500,000,** face amount, of the Prior Lien Bonds shall be authenticated and delivered by the Trustee, from time to time, to reimburse the Railway Company for expenditures made by the Railway Company for the following purposes or some one or more of them :

(1) the construction or acquisition, subsequent to January 1, 1910, of telegraph or telephone lines, depots, yards, shops, machinery, second tracks or other additional main tracks, side tracks, spur tracks or passing tracks, and other improvements and betterments upon, along or appertaining to, or for use in connection with any lines of railway, which, at the time of such construction or acquisition, (*a*) shall be owned by the Railway Company, and subject to this Indenture, or (*b*) shall be leased by the Railway Company for a term expiring subsequent to July 1, 1957, and the leasehold interest of the Railway Company in which shall be subject to this Indenture, or (*c*) shall be owned or shall be leased for a term expiring subsequent to July 1, 1957, by the National Railroad, the Central Railway, the International Railroad, or by any company (other in any event than the Interoceanic Railway) not less than a majority in amount of the capital stock of which shall be pledged under this Indenture ;

(2) the construction or acquisition by the Railway Company, subsequent to said July 1, 1910, of additional rolling stock and equipment on which this Indenture shall be a first lien ;

Said bonds shall be authenticated and delivered only at a rate, for each calendar year beginning January 1, 1910, of not exceeding **$2,500,000**, face amount thereof, but any bonds deliverable but which shall not be authenticated and delivered in any calendar year, may be authenticated and delivered at any time thereafter in addition to the bonds deliverable for any subsequent year.

In case such expenditures shall be for improvements or betterments in respect of the lines of railway of any other company (other than in the case of leased lines whereof the lease may require the Railway Company to make im-

provements and betterments at its own cost) the Railway Company shall (*a*) if such other company is, under any mortgage or deed of trust of such company, entitled to the issue of bonds in respect thereof, obtain from such company all bonds issuable in respect thereof, and if issuable under more than one mortgage or trust deed, the bonds prior in lien or (*b*) if such other company shall not be entitled to the issue of bonds in respect thereof, or to the extent to which it shall not be entitled to the issue of bonds, obtain from such other company its obligations for the amount of such expenditures ; and the Railway Company shall deliver any such bonds or obligations to the Trustee.

Before authenticating and delivering bonds under this Section, the Trustee shall in each instance require the Railway Company to furnish a copy of a resolution of the board of directors of the Railway Company, certified under its corporate seal by its Secretary or an Assistant Secretary, calling for the authentication and delivery of a specified amount of such bonds, not greater than the amount then issuable under this Section, and in every instance the Railway Company shall furnish to the Trustee in addition to such resolution of its board of directors, a certificate or certificates signed, first by the President or a Vice-President, and, secondly, by the Auditor or Treasurer of the Railway Company, stating :

(*a*) the amount of the expenditures forming the subject of such certificate, specifying the purpose of each expenditure, the particular property acquired or constructed or the betterments or improvements made and whether by or on behalf of the Railway Company or any other and what other company ;

(*b*) that the price paid for such acquisition or construction, or for such betterments or improvements, was not in excess of the fair value of the property acquired or of the work done, that no part of the

amount for which the issue of Prior Lien Bonds is sought under this Section has been reimbursed to the Railway Company out of Prior Lien Bonds or moneys received by the Trustee under any of the provisions of this Indenture or out of the General Mortgage Bonds or moneys received by the Trustee under the General Mortgage under any of the provisions thereof;

(*c*) if such betterments and improvements were made or contracted for on behalf of any other company than the Railway Company, that such company has issued the bonds or obligations in respect thereof specified in such certificate, and, as the case may be, that such company was not entitled in respect thereof under any mortgage or trust deed of such company to issue bonds, or bonds secured by a prior lien to the bonds so issued, and that all bonds and obligations issued or issuable in respect thereof, have been delivered to the Trustee or will be so delivered simultaneously with the authentication and delivery of the Prior Lien Bonds forming the subject of such certificate.

In case of the acquisition or construction of additional property, such certificate shall further state:

(*d*) that such property is not subject to any lien or charge other than liens or charges attaching to such property by virtue of provisions contained in any mortgage of the company by or on whose behalf such acquisition or construction shall be made, and the liens or charges, if any, on the acquisition thereof, attaching thereto, specifying the amount of any such lien or charge.

Every such certificate under this Section shall also state that the Department of Finance of the Republic of Mexico has approved the issue of the bonds forming the subject of such certificate.

A certificate signed by the President or a Vice-President and by the Auditor or by the Treasurer of the Railway Company, or a certificate having endorsed thereon or annexed thereto a written statement of such officers that they believe such certificate to be true, shall be received by the Trustee as conclusive evidence of any facts pertaining to the right to authenticate and deliver bonds pursuant to this Section, and shall be full protection to it for its action on the faith thereof. The same officer or officers of the Railway Company need not certify to all the facts required to be certified under the provisions of this Section, but different officers may certify to different facts respectively.

The Railway Company shall execute or shall cause to be executed any conveyances or instruments of further assurance that may be necessary for the purpose of effectually subjecting to the lien and operation of this Indenture any new property so acquired by the Railway Company, and, also, in case of any construction upon any railway under lease to the Railway Company, the Railway Company shall execute or cause and procure to be executed such instruments as may be necessary to subject the property so constructed or acquired to the lease under which any such railway is held, and, also, the Railway Company shall furnish the written opinion of the Counsel for the Railway Company to the effect that such conveyances or other instruments are sufficient for such purposes or that no conveyance or instrument of further assurance is necessary for the purposes aforesaid. Such resolutions, statements, certificates and opinion shall be deemed and shall be taken to be full authority and protection to the Trustee for its authentication of such bonds under the foregoing provisions of this Section.

SECTION 9. **$10,000,000** face amount of the Prior Lien Bonds shall be authenticated and delivered and, except as hereinafter stated, used only for

(a) the construction or acquisition by the Railway Company of a direct line of railway between Tampico and the City of Mexico (hereinafter termed the Tampico Short Line), or the acquisition by the Railway Company of the capital stock and lien indebtedness of some corporation owning the Tampico Short Line, provided that the entire stock of such corporation shall have been obtained or shall be thereby obtained, or

(b) the construction or acquisition by the Railway Company of other lines of railway, or

(c) the construction by the Railway Company or by the National Railroad, the Central Railway, the International Railroad, or by some company (other in any event than the Interoceanic Railway) of whose capital stock not less than a majority shall be pledged under this Indenture, of bridges on its lines of railway the cost of each of which shall be not less than $100,000 ; and

(d) for the reimbursement to the Railway Company of expenditures made by it for the purposes aforesaid, or some one or more of them.

The Prior Lien bonds reserved under this Section shall be authenticated and delivered by the Trustee, from time to time, upon delivery to the Trustee of a copy of a resolution of the board of directors of the Railway Company, certified under its corporate seal by the Secretary or an Assistant Secretary thereof, calling for the authentication and delivery of such bonds and stating (unless such bonds are required for reimbursement to the Railway Company of previous expenditures) that such bonds or their proceeds shall be set aside separate and apart from all other assets and funds of the Railway Company and will be used only for the purposes authorized in this Section ; but such bonds shall not be authen-

ticated or delivered to an amount in excess of the actual cost of such construction or acquisition or in excess of such expenditure.

Before authenticating and delivering any Prior Lien Bonds under this Section, the Trustee, in each instance, shall require the Railway Company to furnish, in addition to resolutions of the board of directors, a certificate or certificates, as hereinafter set forth, of two officers of the Railway Company as hereinafter specified, stating that all bonds previously authenticated and delivered under this Section in respect of which no such certificate shall previously have been furnished or the proceeds of such bonds, have been actually used for or actually appropriated and set aside for, specific liabilities actually incurred for purposes authorized by this Section or have been actually used to reimburse the Railway Company as aforesaid, indicating specifically the purpose of such use, application or appropriation and the amount of bonds so used, applied or appropriated.

A. If the subject of such certificate be a railway bridge, such certificate shall also state:

(1) the particular bridge constructed and whether such construction is by and in the name of the Railway Company, or by or for account of any other and what other company;

(2) that such bridge is not subject to any lien or charge other than undetermined liens or charges incident to construction and other than liens or charges attaching thereto by virtue of provisions contained in any mortgage of the company by or on whose behalf such construction shall be made, specifying, in that event, the amount of any such lien or charge; if such construction be by or on behalf of any other company, that such company has issued the bonds or obligations in respect thereof, specified in

such certificate, and, as the case may be, that such company was not entitled in respect thereof under any mortgage or trust deed of such company to issue bonds, or bonds secured by a prior lien to the bonds so issued; and that all bonds and obligations of such company issued or issuable in respect thereof, have been delivered to the Trustee; or will be so delivered simultaneously with the authentication and delivery of the Prior Lien Bonds forming the subject of such certificate;

(3) that the price paid or liability incurred for such construction was not in excess of the fair value of the work done or property acquired, and that no part of the amount for which the issue of Prior Lien Bonds is sought has been reimbursed to the Railway Company out of the Prior Lien Bonds or out of moneys received by the Trustee under any of the provisions of this Indenture, or out of the General Mortgage Bonds or out of moneys received by the Trustee under the General Mortgage under any of the provisions thereof.

B. If the subject of such certificate be the Tampico Short Line or other lines of railway constructed or acquired by the Railway Company, such certificate shall also state:

(1) the particular property so constructed or acquired and if constructed, that such construction has been done in a thoroughly good and workmanlike manner;

(2) the amount which the Railway Company has actually expended in such construction or acquisition and the amount which at the date of such certificate is justly due and payable by the Railway Company in respect thereof;

(3) that the price paid or liability incurred for such construction or acquisition was not in excess of the fair value of the work done or property acquired;

(4) whether the line of railway so constructed or acquired is subject to any lien or charge, in priority to this Indenture (except undetermined liens or charges incidental to construction), in each instance specifying the amount of any such lien or charge ;

(5) that no part of the amount for which the issue of Prior Lien Bonds is sought, has been reimbursed to the Railway Company out of the Prior Lien Bonds or out of moneys received by the Trustee under any of the provisions of this Indenture or out of the General Mortgage Bonds or out of moneys received by the trustee under the General Mortgage under any of the provisions thereof.

C. If the subject of such certificate be the stock or bonds of some corporation owning the Tampico Short Line, such certificate shall also state :

(1) that the entire capital stock of such company, issued and outstanding, has been acquired by the Railway Company and has been, or simultaneously with the issue of the Prior Lien Bonds sought to be authenticated, will be delivered to the Trustee ;

(2) that said line of railroad is not subject to any lien or charge (except undetermined liens or charges incident to construction) other than as set out in said certificate, specifying the character and amount of each such lien or charge ;

(3) the amount of stock or bonds of such company acquired since the filing of the last preceding certificate, the price thereof, and that such price was not in excess of the fair market value thereof ;

(4) that no part of the amount for which the issue of Prior Lien Bonds is sought, has been reimbursed to the Railway Company out of the Prior Lien Bonds or out of moneys received by the Trustee

under any of the provisions of this Indenture or out of the General Mortgage Bonds or out of moneys received by the Trustee under the General Mortgage under any of the provisions thereof.

The same officer or officers of the Railway Company need not certify to all the facts required to be certified to under the provisions of this Section, but different officers may certify to different facts, and any certificate may contain any other facts pertinent to the right to authenticate and deliver bonds hereunder.

In case of the acquisition or construction of the Tampico Short Line, or other line of railroad subject to any lien or charge as aforesaid, or the stocks and bonds of a corporation owning the Tampico Short Line subject to any lien or charge as aforesaid, the Trustee, before authenticating and delivering any Prior Lien Bonds on account of such acquisition or construction shall set apart, out of the bonds which can then be authenticated and delivered for those purposes, an amount thereof equal to the amount of the liens and charges certified as aforesaid, or at the request of the Railway Company, if the amount of the certified liens and charges shall exceed the amount of the Prior Lien Bonds which can so be authenticated and delivered, shall set apart the entire amount of the Prior Lien Bonds which can be delivered in respect of such acquisition or construction; and the bonds so set apart from time to time shall be authenticated and delivered by the Trustee upon the order of the Railway Company as and when an equivalent amount of the liens or charges so certified shall have been paid and satisfied or released or may be made subject to this Indenture. A certificate signed or purporting to be signed and verified by the President or a Vice-President or by the Auditor or the Treasurer of the Railway Company as to the payment, satisfaction or release of any such liens or charges and that no General Mortgage bonds have been delivered for

the part of the certified lien or charge in respect of which the delivery of Prior Lien Bonds is sought and that any General Mortgage Bonds reserved under the General Mortgage against such certified liens or charges have been delivered, and that the aggregate amount of such certified liens or charges outstanding at the date of said certificate, do not exceed the amount of the Prior Lien Bonds reserved against such certified liens and charges, at the rate at which such Prior Lien Bonds have been so reserved, shall be received by the Trustee as sufficient evidence thereof and shall be full authority to the Trustee for the authentication and delivery on the order of the Railway Company of an equivalent amount of such bonds set apart therefor.

Every certificate provided for in this Section shall also state that the Department of Finance of the Republic of Mexico has approved the issue of the bonds forming the subject of such certificate and unless signed by the President or a Vice-President, and by the Auditor or by the Treasurer of the Railway Company, shall be accompanied by a written statement of two such officers that they believe such certificate to be true ; and, together with such certificates and statements, there shall be delivered to the Trustee (1) the certificates of any shares of stock and any bonds or other securities or obligations acquired by the Railway Company by the use of Prior Lien Bonds reserved under this Section or their proceeds ; and (2) such instruments and conveyances as may be necessary to subject to the lien of this Indenture, subject as hereinabove set forth, any new property so acquired by the Railway Company.

The Railway Company shall execute or shall cause to be executed any conveyance or instrument of further assurance that may be necessary for the purpose of effectually subjecting to the lien and operation of this Indenture any new property so acquired by the Railway Company; and the Railway Company shall furnish the written opinion of the Counsel for the Railway Company to the effect that such conveyances are

sufficient for such purpose, or that no conveyance or instrument of further assurance is necessary for such purpose. Such resolutions, certificates and statements shall be full and sufficient authority to the Trustee for its authentication and delivery of such Prior Lien Bonds as herein provided.

SECTION 10. **$38,000,000,** face amount, of the Prior Lien Bonds shall be authenticated and delivered and, except as hereinafter stated, used only

(a) for the construction or acquisition by the Railway Company of additional lines of railway and terminal and other incident or appurtenant properties, or

(b) the acquisition by the Railway Company of the capital stock and bonds or other indebtedness of other corporations owning lines of railway and terminal and other incident or appurtenant properties, provided not less than a majority of the outstanding stock of such corporation shall have been obtained or shall be thereby obtained, and

(c) for the reimbursement to the Railway Company of any expenditures made by it for the purposes aforesaid, or some one or more of them.

The Prior Lien bonds reserved under this Section shall be authenticated and delivered by the Trustee from time to time only upon delivery to the Trustee of a copy of a resolution of the board of directors of the Railway Company certified under its corporate seal by the Secretary or an Assistant Secretary thereof, calling for the authentication and delivery of such bonds and stating (unless such bonds are required for reimbursement to the Railway Company of previous expenditures) that such bonds or their proceeds shall be set aside separate and apart from all other assets and funds of the Railway Company and will be used only for the

purposes authorized in this Section and specified in such resolution.

Upon receipt, as aforesaid, of a copy of said resolution or resolutions of the board of directors of the Railway Company, the Trustee shall authenticate and deliver to the Railway Company, or upon its order, the amount of Prior Lien Bonds called for by such resolution or resolutions, but said bonds shall not be authenticated or delivered to an amount in any case in excess of the actual cost of such construction or acquisition, nor in respect of additional lines of railroad or of the stocks or bonds of corporations owning additional lines of railroad to an amount which shall exceed in bonds $12,500 per kilometer of such lines constructed or acquired, including the amount, at the time of such construction or acquisition, of all prior liens and charges on such lines other than undetermined liens incident to construction. If any such acquisition shall be of the stocks or bonds of a corporation, the amounts so limited shall be deemed also to include the outstanding indebtedness of such corporation other than for ordinary current operating expenses.

Before authenticating and delivering any Prior Lien Bonds under this Section, the Trustee, in each instance, shall require the Railway Company to furnish, in addition to resolutions of the board of directors, a certificate or certificates, as hereinafter set forth, of two officers of the Railway Company as hereinafter specified.

Every such certificate shall state:

(a) that all bonds previously authenticated and delivered under this Section, or the proceeds of such bonds, have been actually used for or actually appropriated and set aside for the specific purpose for which such bonds had been authenticated and delivered, or have been actually used to reimburse the Railway Company as aforesaid, indicating specifically so far as not specifically indicated in some previous cer-

tificate, the purpose of such use, application or appropriation and the amount of bonds so used, applied or appropriated;

(*b*) whether the property forming the subject of said certificate is subject to any lien or charge excepting undetermined liens or charges incident to construction, in each instance specifying the amount of any such lien or charge, and, if such property be lines of railroad, the length thereof in kilometres;

In case the subject of said certificates shall be shares of stock or bonds of any other company, such certificate shall state the amount of the authorized capital stock of such company, the amount of such capital stock issued, the length, in kilometres, of the lines of such company, the amount, if any, in which such company is indebted, other than for ordinary current operating expenses, in addition to the bonds of such company then acquired (or previously acquired and pledged under this Indenture), and all liens or charges on the property of such company other than those securing such bonds, in each instance specifying the amount of any such debt, lien or charge;

(*c*) that the price paid or liability incurred for such construction or acquisition was not in excess of the fair value of the work done or property acquired, and that no part of the amount for which the issue of Prior Lien Bonds is sought has been reimbursed to the Railway Company out of the Prior Lien Bonds or out of moneys received by the Trustee under any of the provisions of this Indenture, or out of the General Mortgage Bonds, or out of any moneys received by the Trustee under the General Mortgage under any of the provisions thereof.

The same officer or officers of the Railway Company need not certify to all the facts required to be certified to under the

provisions of this Section, but different officers may certify to different facts.

In case of the acquisition or construction of any line of railroad or terminal or other incident or appurtenant property, or of the stocks and bonds of a corporation owning any line of railroad or terminal or other incident or appurtenant property, subject to any lien or charge as aforesaid, the Trustee, before authenticating and delivering any Prior Lien Bonds on account of such acquisition or construction, shall set apart out of the bonds which can then be authenticated and delivered for those purposes an amount thereof equal to the amount of the liens and charges certified as aforesaid, or at the request of the Railway Company, if the amount of the certified liens and charges shall exceed the amount of the Prior Lien Bonds which can be so authenticated and delivered, the Trustee shall set apart the entire amount of the Prior Lien Bonds which can be authenticated and delivered in respect of such acquisition or construction. The bonds so set apart from time to time shall be authenticated and delivered by the Trustee upon the order of the Railway Company as and when an equivalent amount of the liens or charges so certified shall have been paid, satisfied or released or made subject to this Indenture, and upon delivery to the Trustee of a certificate signed or purporting to be signed and verified by the President or Vice-President or by the Auditor or the Treasurer of the Railway Company of the fact of the payment, satisfaction or release of any such liens or charges and that no General Mortgage Bonds have been delivered for the part of the certified lien or charge in respect of which the delivery of Prior Lien Bonds is sought and that any General Mortgage Bonds reserved under the General Mortgage against such certified liens or charges have been delivered, and that the aggregate amount of such certified liens or charges outstanding at the date of said certificate do not exceed the amount of the Prior Lien Bonds reserved against such certified liens and charges at the rate at which such Prior Lien Bonds

have been so reserved; and any such certificate shall be received by the Trustee as sufficient evidence of such facts stated therein and shall be full authority to the Trustee for the authentication and delivery, on the order of the Railway Company, of an equivalent amount of such bonds set apart against such certified liens or charges.

Every certificate provided for in this Section shall also state that the Department of Finance of the Republic of Mexico has approved the issue of the bonds forming the subject of such certificate, and unless signed, or purporting to be signed, by the President or a Vice-President, and by the Auditor or by the Treasurer of the Railway Company, shall be accompanied by a written statement of two such officers that they believe such certificate to be true; and, together with such certificates and statements, there shall be delivered to the Trustee (1) the certificates of any shares of stock and any bonds acquired by the Railway Company by the use of Prior Lien Bonds reserved under this Section or their proceeds; (2) such instruments and conveyances as may be necessary to subject to the lien of this Indenture, subject as hereinabove set forth, any new property so acquired by the Railway Company, and (3) the written opinion of the Counsel of the Railway Company to the effect that such conveyances or instruments are sufficient for such purpose or that no conveyance or instrument of further assurance is necessary for such purpose.

Such resolutions, certificates and statements shall be full and sufficient authority to the Trustee for its authentication and delivery of such Prior Lien bonds as herein provided.

After all the bonds reserved under Section 8 of this Article II shall have been issued or set apart, any of the Prior Lien Bonds reserved under this Section 10 shall be subject to issue and shall be authenticated by the Trustee and delivered to the Railway Company for the purposes and subject to the restrictions specified in said Section 8 of this Arti-

cle II, in addition to the bonds reserved for issue under said Section.

SECTION 11. Whenever the terms of any Section of this Article require an order from the Railway Company to be delivered to the Trustee for the purpose of obtaining the authentication and delivery of the Prior Lien Bonds, such order shall be sufficient if signed on behalf of the Railway Company under its corporate seal by the chairman of its board of directors or its President or a Vice-President or by some other officer of the Railway Company appointed for the purpose, and also by its Secretary or an Assistant Secretary or its Treasurer or an Assistant Treasurer, and if it shall state the principal amount of bonds to be delivered, the Section of this Article under which such bonds are included, and the persons to whom or the firm or corporation to which such bonds are to be delivered.

SEC. 12. Whenever, under Section 8 or Section 9 or Section 10 of this Article, the Railway Company shall be entitled to the authentication and delivery of Prior Lien Bonds in reimbursement of expenditures theretofore made or contracted to be made by it, the Railway Company may take such bonds at the fair market value thereof at the time such authentication and delivery shall be requested by it; such fair market value shall be determined by the board of directors of the Railway Company by resolution of said board, and a certified copy of such resolution, under the corporate seal of the Railway Company, shall be lodged with the Trustee.

Whenever, under Section 9 or Section 10 of this Article, the Trustee is required to set apart in respect of certified liens and charges Prior Lien Bonds otherwise deliverable to the Railway Company, the Prior Lien Bonds so to be set apart shall be set apart to the amount of such certified liens and charges, taking such Prior Lien Bonds at their fair market value (but never exceeding par) as so fixed by the board of directors of the Railway Company in requesting the authentication and

delivery thereof and at which such bonds would otherwise be deliverable to the Railway Company; and the bonds so set apart shall be delivered against the payment, satisfaction, release or acquisition of said certified liens or charges at the rate at which they shall have been set apart against such certified liens or charges.

ARTICLE III.

THE SINKING FUND.

Sec. 1. The Prior Lien Bonds shall be payable not later than July 1, 1957, by the operation of a Cumulative Sinking Fund to be created by the payment by the Railway Company to the Trustee at the office of the Trustee in the City of New York, in gold coin of the United States of America of or equal to the present standard of weight and fineness, of the following sums, which with accumulations the Railway Company covenants are sufficient to retire the entire issue of the Prior Lien Bonds not later than July 1, 1957:

(a) on or before the first day of February, 1917, for the calendar year 1917 and thereafter in each calendar year and on or before the first day of February in such year, a sum equal to one per cent. of the principal amount of all the Prior Lien Bonds, at any time prior to the first day of January, 1917, authenticated and delivered by the Trustee pursuant to any of the provisions of Article II of this Indenture; and

(b) on or before the first day of February, 1918, for the calendar year 1918, and thereafter in each calendar year and on or before the first day of February in such year, in respect of additional Prior Lien Bonds authenticated and delivered by the Trustee pursuant to any of the provisions of Article II of this

Indenture on or at any time after said January 1, 1917, and prior to the first day of January next preceding the date on which payment of such instalment is required to be made, the following sums in respect of each $1,000 in principal amount of Prior Lien Bonds so authenticated and delivered during the year hereinafter designated:

1917	$10.32605722
1918	$10.87555919
1919	$11.46035989
1920	$12.08340694
1921	$12.74797201
1922	$13.45770155
1923	$14.21667895
1924	$15.02946176
1925	$15.90118825
1926	$16.83766137
1927	$17.84544299
1928	$18.93202226
1929	$20.10591664
1930	$21.37693961
1931	$22.75640631
1932	$24.25216923
1933	$25.89525484
1934	$27.68789283
1935	$29.65655532
1936	$31.82645458
1937	$34.22794827
1938	$36.89764347
1939	$39.88042695
1940	$43.23156654
1941	$47.02031905
1942	$51.33434749
1943	$56.28658252

1944	$62.02336353
1945	$68.74206143
1946	$76.71025004
1947	$86.30294827
1948	$98.06185525
1949	$112.7989097
1950	$131.7912691
1951	$157.1662470
1952	$192.7541441
1953	$246.2137629
1954	$335.4203711
1955	$513.9861003
1956	$1050.0000000

All moneys received by the Trustee for account of the Sinking Fund shall be applied by the Trustee, as they are from time to time received, to the purchase of Prior Lien Bonds so far as in the judgment of the Trustee reasonably practicable at prices not exceeding a premium of five per cent. and accrued interest and, to the extent to which at the time of any drawing by lot for the purposes of the Sinking Fund such purchases shall not have been made by the Trustee, to the purchase, at said premium of five per cent., of Prior Lien Bonds to be designated for that purpose by the Trustee by lot. Drawings by lot for the purposes of the Sinking Fund shall be made at the office of the Trustee in the City of New York, by or under the supervision of the Trustee, and shall be made, in the discretion of the Trustee, between the 1st day of March and the 15th day of March in each year beginning in the year 1917, and shall be made in such manner as the Trustee may in its unrestricted discretion determine, from the numbers of the coupon bonds then outstanding or held reserved against registered bonds.

Notice of any such drawing which, if part only of the Prior Lien Bonds shall be drawn, shall specify the distinctive num-

bers of the bonds so drawn, shall be published by the Trustee on behalf of the Railway Company not less than twice a week for twelve consecutive weeks in each of the cities of New York, Mexico, London, Paris, Berlin and Amsterdam in a newspaper of general circulation in such City, respectively, the first publication to be not later than the 1st day of April next succeeding such drawing. A similar notice shall be sent by the Railway Company through the mails, postage prepaid, on or before such 1st day of April, to all holders of registered bonds and to registered holders of coupon bonds, whose addresses shall appear upon the Transfer Register.

The Prior Lien Bonds so drawn shall be purchased at a premium of five per cent. upon the first day of July next following the date of such drawing, and, from and after such first day of July, the holder thereof shall cease to be entitled to interest thereon, and the title to all interest subsequently maturing shall vest in the Trustee, for the benefit of the Sinking Fund.

Bonds drawn for purchase for the Sinking Fund must be presented with all coupons maturing after the day on which they are so to be purchased, and shall be paid for on presentation thereof on or after such day designated for purchase, and, at the option of the holder, at any of the places at which said bonds are expressed to be payable.

Whenever any coupon bonds the numbers of which shall be reserved against outstanding registered bonds shall be drawn for purchase for the Sinking Fund, so much of the principal of such registered bond as is represented by such coupon bond so drawn, shall cease to bear interest except for the purpose of the Sinking Fund after said date for purchase, and such coupon bond so drawn shall be delivered to the Trustee on such date for purchase, and upon surrender of such registered bond at the Transfer Agency of the Railway Company in the City of New York on or after such date for purchase, the registered holder shall, in addition to the premium of five

per cent. payable on purchase, be entitled to receive the principal amount of the drawn coupon bond, and for the residue of the principal amount of his registered bond, a new registered bond or registered bonds.

All Prior Lien Bonds purchased by means of the Sinking Fund shall be converted by the Trustee into registered bonds in the name of the Trustee and be appropriately stamped by the Trustee as no longer negotiable and as belonging to the Sinking Fund, but such bonds shall not be cancelled and shall continue to bear interest, and the Trustee shall collect the interest thereon, as such interest matures, and the amounts so collected and the interest on any unpresented Prior Lien Bonds at any time designated for purchase for the Sinking Fund and accruing after the day on which they are to be so purchased, shall also become a part of the Sinking Fund, as shall the interest, if any be allowed, on moneys in the Sinking Fund while in the hands of the Trustee unapplied. The Railway Company may at any time make additional payments to the Trustee for the purposes of the Sinking Fund.

All Prior Lien Bonds in the Sinking Fund shall be so held for the further security of the outstanding Prior Lien Bonds. All moneys held in the Sinking Fund under any of the provisions of this Article shall similarly be held by the Trustee for the further security of the outstanding Prior Lien Bonds, until applied to the purchase by the Trustee of Prior Lien Bonds for the Sinking Fund, or until the designation by lot of Prior Lien Bonds for purchase ; but from and after any designation by lot of bonds for purchase, such moneys shall, to the extent required to effect such purchase of the bonds so designated, be held for the payment of the purchase price of the bonds so designated for purchase.

When the principal and interest of all other Prior Lien Bonds shall have been paid in full, or moneys deposited for their redemption, in accordance with Article IV, and all payments to the Trustee or otherwise called for by any of the pro-

visions of this Indenture shall have been made by the Railway Company, the Trustee shall on written demand pay to the Railway Company at the office of the Trustee in the City of New York, all moneys held in the Sinking Fund, and all the Prior Lien Bonds held in the Sinking Fund shall forthwith be cancelled by the Trustee, and, having been so cancelled, shall thereafter be physically destroyed in the presence of a representative of the Trustee and a representative of the Railway Company, who shall, respectively, execute, in duplicate, a certificate attesting such destruction, and deliver one counterpart to the Railway Company and one counterpart to the Trustee.

No expenses in connection with the administration of the Sinking Fund of any character, shall be charged against moneys in the Sinking Fund, but all such expenses including the cost of remittances to Europe for the purposes of the Sinking Fund, shall be borne by the Railway Company.

Prior Lien Bonds held in the Sinking Fund shall not be deemed outstanding (*a*) for the purpose of drawings for purchase under this Article, or (*b*) for the purpose of drawings for redemption under Article IV, or (*c*) in determining the amount of bonds prescribed for any action by bondholders under any of the provisions of this Indenture.

ARTICLE IV.

REDEMPTION OF BONDS.

On any half-yearly interest day subsequent to January 1, 1917, the Railway Company, at its option, may redeem at a premium of five per cent. all of the Prior Lien Bonds at the time outstanding, or any part thereof, but in the amount of not less than ten million dollars ($10,000,000), principal amount, at any one time, *provided*, that the Railway Company shall by publication in each of the cities of New

York, Mexico, London, Paris, Berlin and Amsterdam, in a newspaper of general circulation in such City, twice a week for twelve successive weeks prior to the half-yearly interest day on which such redemption is to be made, the first publication to be not less than ninety days nor more than one hundred and twenty days preceding such redemption date, have given prior notice of its intention to redeem, specifying the date of such redemption and if part only of the bonds is sought to be redeemed, the numbers of the coupon bonds designated for redemption. A similar notice shall be sent by the Railway Company through the mails, postage prepaid, at least ninety (90) days prior to such designated redemption day, to holders of registered bonds and to registered holders of coupon bonds whose addresses shall appear upon the Transfer Register.

In case the Railway Company shall desire to redeem only part of the outstanding Prior Lien Bonds, the Railway Company shall so notify the Trustee in writing not less than five months prior to the day on which the Railway Company may wish to make redemption, stating the principal amount of the Prior Lien Bonds which the Railway Company desires to redeem, and the Trustee shall, upon the written request of the Railway Company, draw by lot the bonds to be redeemed, and as soon as may be after any such drawing, notify the Railway Company at its office in the City of New York, of the numbers of the bonds designated for redemption.

Drawings by lot of bonds for redemption shall be made at the office of the Trustee in the City of New York, by or under the supervision of the Trustee, and shall be made, in the discretion of the Trustee, within one month after the receipt of the request of the Railway Company to make such drawing, and shall be made in such manner as the Trustee may, in its unrestricted discretion, determine, from the numbers of the coupon bonds then outstanding or held reserved against the registered bonds.

Notice of election to redeem having been so given, the Prior Lien Bonds specified in such notice shall, on the interest day designated for redemption, become due and payable at the office of the Railway Company in the City of New York, with a premium of five per cent., and if said bonds shall be duly paid on presentation, interest on said bonds shall cease on such redemption date. If not so paid on presentation thereof, the amount due on said bonds shall bear interest until payment at the rate of four and a half per cent. per annum, payable semi-annually. The Prior Lien Bonds so redeemed must be presented with all coupons maturing after the date designated for redemption and shall be paid at the option of the holders at any of the places at which said bonds are expressed to be payable.

Whenever any coupon bonds, the numbers of which shall be reserved against outstanding registered bonds, shall be drawn for redemption, so much of the principal of such registered bond as is represented by such coupon bond so drawn, shall cease to bear interest after said redemption date, and upon surrender of such registered bond at the Transfer Agency of the Railway Company in the City of New York on or after such redemption date, the registered holder shall, in addition to the premium of five per cent. payable on redemption, be entitled to receive the principal amount of the drawn coupon bond, and for the residue of the principal amount of his registered bond, a new registered bond or registered bonds.

All Prior Lien Bonds so redeemed shall, on payment thereof, be delivered to the Trustee for cancellation and by it be cancelled forthwith and having been so cancelled shall thereafter be physically destroyed in the presence of a representative of the Trustee and a representative of the Railway Company, who shall respectively execute in duplicate a certificate attesting such destruction and deliver one counterpart thereof to the Railway Company and one counterpart thereof to the Trustee.

On the deposit with the Trustee of the amount necessary so to redeem all Prior Lien Bonds at the time outstanding and not held in the Sinking Fund, together with proof that said notice of redemption has been given by publication and by mail in the manner aforesaid, and on the payment to the Trustee of all costs, charges and expenses to which it is entitled under any of the provisions hereof, the Trustee shall cancel and satisfy this Indenture, and shall assign or cause to be assigned, and shall deliver to the Railway Company all bonds, stock and other securities held by the Trustee hereunder, and said deposit, as between the Railway Company and the holders of said bonds, shall be deemed the payment of said bonds. Said sum so deposited shall be held by the Trustee to the credit and for the payment of the outstanding Prior Lien Bonds, and shall be paid by the Trustee to the respective holders thereof upon the presentation and delivery to it of such bonds, together with all the outstanding coupons belonging thereto. On such deposit with the Trustee, any bondholder shall be entitled to look for payment of his bond only to the Trustee, which shall be liable in respect of the sum deposited to meet such bond, but no holder of any bond shall be entitled to interest on such deposit with the Trustee.

ARTICLE V.

COVENANTS OF THE RAILWAY COMPANY.

The Railway Company covenants as hereinafter in this Article set forth :

Section 1. The Railway Company will pay, duly and punctually, the principal and interest of every of the Prior Lien Bonds at the dates and places and in the manner mentioned in such bonds and in the coupons thereto belonging according to the true intent and meaning thereof, without deduction for any tax or taxes which the Railway Company may

be required to pay thereon or to deduct therefrom under any present or future law of the United States of Mexico, or of any state or municipality therein, or of the United States of America, or of the State of New York, or any municipality in said state.

The interest on the coupon bonds shall be payable only upon presentation and surrender of the several coupons for such interest as they respectively mature and, when paid, such coupons shall forthwith be canceled. The interest on the registered bonds shall be payable only to the registered holders thereof.

The Railway Company will not declare any dividend on any shares of its capital stock while any default shall exist in the payment of the interest on any of the Prior Lien Bonds or in the payment of any sums payable into the Sinking Fund under Article III of this Indenture or in the payment of the interest on any of the General Mortgage Bonds or in the payment of any sums payable into the Sinking Fund created under the General Mortgage or while indebted to the United States of Mexico in respect to payments made pursuant to the guaranty by said United States of Mexico of the General Mortgage Bonds (other than the dividends on its preferred shares guaranteed in the Deed of Incorporation of the Railway Company).

At all times until the payment of the principal of the Prior Lien Bonds, the Railway Company will keep in the Borough of Manhattan in the City of New York an office or agency where such bonds and interest coupons may be presented for payment, and from time to time, the Railway Company will give written notice to the Trustee of such office or agency, and from time to time of the offices or places designated for payment in Europe. Notices or demands in respect of such bonds or interest coupons or otherwise under this Indenture may be served on the Railway Company at said office or agency in the City of New York, and in case the Railway Company shall fail to maintain such office or agency or to give notice to the

Trustee thereof, presentation and demand may be made and notices may be served at the office of the Trustee in said City.

SECTION 2. The Railway Company will keep a register or registers for the registration and transfer of the Prior Lien Bonds at the office of the Trustee, wherein shall be registered, subject to such reasonable regulations as the Railway Company may prescribe, all registered Prior Lien Bonds, and, upon presentation thereof for such purpose, any coupon bonds for registration as to principal; and such register or registers at all reasonable times shall be open to the inspection of the Trustee.

Upon presentation to the Trustee at its office, of any such coupon bond registered as to principal, accompanied by delivery of a written instrument of transfer in a form approved by the Railway Company, executed by the registered holder, such bond may be transferred upon such register by the Trustee, and such transfer shall be noted upon the bond. The registered holder of any such registered coupon bond also shall have the right to cause the same to be registered as payable to bearer, in which case transferability by delivery shall be restored, and thereafter the principal of such bond when due shall be payable to the person presenting the bond; but any such coupon bond registered as payable to bearer may be registered again in the name of the holder with the same effect as a first registration thereof. Successive registrations and transfers as aforesaid may be made from time to time as desired; and each registration of a coupon bond shall be noted on the bond.

Registration of any coupon bond, however, shall not affect the transferability of any coupon thereto belonging, by delivery merely, and payment to the bearer of any such coupon shall discharge the Railway Company in respect of the interest therein mentioned, whether or not the bond shall have been registered.

Any registered bond may be transferred upon such register by the registered holder in person or by attorney, upon sur-

render of such bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Railway Company, duly executed by the registered holder of such bonds; and thereupon a new registered bond, or new registered bonds, for an equivalent principal amount, shall be issued to the transferee or transferees as provided in section 4 of Article I hereof.

Section 3. All railways, concessions, franchises, bonds, stocks and other property of every kind in the Granting Clause described or mentioned, or by any of the provisions of this Indenture covenanted to be conveyed or pledged to the Trustee, or in respect of the construction or acquisition whereof Prior Lien Bonds under this Indenture shall be authenticated and be issued or shall be set apart as hereinbefore provided, shall, immediately upon the acquisition thereof by the Railway Company and without further conveyance or assignment, become and be subject to the lien of this Indenture as fully and completely as though now owned by the Railway Company and specifically described in the Granting Clause as the property of the Railway Company; but at any and all times, the Railway Company will execute and deliver any and all such further assurances or conveyances or assignments thereof as the Trustee may reasonably direct or require, for the purpose of expressly and specifically subjecting the same to the lien of this Indenture; and also the Railway Company will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such further acts, deeds, conveyances, transfers and assurances in the law, for the better assuring, conveying, assigning and confirming unto the Trustee all and singular the estates and property hereby conveyed or assigned, or intended so to be, or which the Railway Company may be or hereafter become bound to convey or assign to the Trustee, as the Trustee shall reasonably require.

Section 4. The Railway Company will at all times execute, deliver, and register or record, if entitled to be registered or recorded, all such documents and instruments, and will do all such things as may be necessary or desirable in order to make the grant, conveyance, and transfer made or contained in this Indenture valid and effective, and effectually to mortgage, hypothecate, and pledge the trust estate from time to time in favor of the Trustee, under, according to, and in compliance with the laws of the Republic of Mexico and of all states and other divisions thereof in which the trust estate or any part thereof may be situated, as security for the Prior Lien Bonds and the covenants, undertakings, and agreements of the Railway Company herein contained specified and made, so that at all times the indebtedness evidenced by the Prior Lien Bonds and coupons shall be secured by a mortgage or mortgages valid and effectual, under the laws of the said Republic of Mexico and of all the said states and other divisions thereof, to constitute a lien or liens on all the railways and other property, real and personal, of the Railway Company comprising the trust estate, and whether owned at the date hereof or hereafter acquired, prior to that of any other lien securing any other indebtedness or constituting any other charge or encumbrance on the trust estate, except such as may exist at the time of the acquisition of such property by the Railway Company.

Section 5. The Railway Company will, generally, execute and do every such deed, act, and thing as may be necessary or advisable under the laws of the United States of America and of the Republic of Mexico, so that at all times during the continuance of the lien of this Indenture the Railway Company may locate, construct, acquire, and operate its said lines of railway and conduct its business without interruption and according to law.

Section 6. When and as any of the bonds or obligations or the certificates for any of the shares of stock which the

Railway Company has by this Indenture assigned or agreed to assign and transfer to the Trustee, shall come into the possession of the Railway Company or under its control, the Railway Company shall forthwith deliver the same to the Trustee, together with proper instruments of assignment and transfer thereof to the Trustee or to its nominee or nominees, and the Railway Company authorizes and directs any pledgee thereof, in trust or otherwise, on payment of such pledge to deliver the same to the Trustee. The Railway Company further expressly authorizes and directs the Trustee, on the satisfaction of this Indenture, to deliver to the Trustee under the General Mortgage all bonds and obligations and all certificates for stock or for shares of stock held under this Indenture.

Section 7. The Railway Company shall and will at all times keep insured its rolling stock, tools and machinery, its buildings, and all other structures erected, or to be erected, on the mortgaged premises, and all other property provided for use in connection with the railways and premises at any time subject to the lien of this Indenture, usually insured by railway companies, and in the same manner, and to the same extent.

Section 8. The Railway Company will not voluntarily create or suffer to be created any lien or charge having priority to, or preference over, the lien of this Indenture upon the trust estate, or any part thereof, or upon the income thereof ; and, within three months after the same shall accrue, it will pay, or cause to be discharged, or will make adequate provision for the satisfaction or discharge of, all lawful claims and demands of mechanics, laborers and others, which, if unpaid, might by law be given precedence over this Indenture as a lien or charge upon the trust estate or any part thereof or the income thereof ; *provided*, that the Railway Company shall not be required to pay any such debt, lien or

charge so long as it shall in good faith and by appropriate proceedings contest the validity thereof.

Section 9. The Railway Company, from time to time, will pay and discharge or cause to be paid and discharged all taxes, assessments and governmental charges lawfully imposed upon the lines of railway and other premises, concessions, franchises and property hereby pledged or mortgaged, or upon any part thereof, or upon the income and profits thereof, thelien of which would be prior to the lien hereof, so that the priority of this Indenture shall be fully preserved in respect of such properties, and will also pay and discharge all taxes, assessments and governmental charges lawfully imposed upon the interest of the Trustee or of the holder of any of the Prior Lien Bonds in the trust estate ; *provided*, however, that nothing contained in this section shall require the Railway Company to pay any such tax, assessment or charge, so long as the Railway Company in good faith and by appropriate proceeding shall contest the validity thereof.

Section 10. The Railway Company from time to time will punctually pay and discharge all amounts payable, under or by virtue of any lease of property held by it at any time subject to the lien of this Indenture, and will observe and perform punctually all of its obligations thereunder ; and shall not and will not suffer or permit any default by reason whereof any lessor may terminate any lease of any railways, franchises or property made to the Railway Company and which may be or become subject to the lien of this Indenture, or made to any subsidiary or controlled company of the Railway Company so that the interest of the Railway Company in such leasehold estates may be at all times preserved unimpaired as security for the Prior Lien Bonds. In case and whenever default shall be made in paying any sum stipulated to be paid in any such present or future lease, the Trustee, without affecting any of its rights hereunder, from

time to time, in its discretion, may itself pay any sum so in default, and thereupon shall have, and forthwith may assert, a lien for such advances upon the trust estate and the proceeds thereof, which lien shall be entitled to priority in rank and to priority in payment from the income and profits of the trust estate over the Prior Lien Bonds.

SECTION 11. At or before the maturity of the Five Per Cent. Gold Notes of the National Railroad, maturing April 1, 1909, issued under the Trust Agreement dated October 1, 1903, between the National Railroad and Central Trust Company of New York, and the two Extension Agreements between the same parties dated respectively September 13, 1905, and September 3, 1907, the Railway Company will cause all securities pledged for the payment of said Notes described in Subdivisions A and B of Clause Third of the Granting Clause of this Indenture to be released from the lien of said trust agreement and delivered to the Trustee, so that this Indenture shall, at the maturity of said Notes, become and be a first lien upon said securities, and itself will pay said Notes.

SECTION 12. At the maturity of the Three Year Five Per Cent. Gold Notes of the Central Railway, all of said Notes not theretofore taken up and pledged under the trust agreement securing the Four Year Five Per Cent. Gold Notes of the Central Railway, shall either be paid by the Railway Company or shall be taken up and pledged under said trust agreement.

SECTION 13. The Railway Company punctually will pay, or cause to be paid, all interest maturing on any of the Four Year Five Per Cent. Gold Notes of the Central Railway, whether now outstanding or hereafter issued, and at or before the maturity of said Notes, will pay or cause to be paid the principal of all said Notes and will cancel or cause to be cancelled all the Three Year Five Per Cent. Gold Notes of the Central Railway, and will cause all securities pledged for the payment of said Notes of either class (other than stocks or bonds of the

Railway Company) to be released from the lien of the trust agreements respectively securing said Notes and to be delivered to the Trustee, so that this Indenture shall, at the maturity of said Four Year Five Per Cent Notes, become and be a first lien on said securities.

SECTION 14. The Railway Company punctually will pay, or cause to be paid, all interest maturing on any of the Prior Lien Four and a Half Per Cent. Gold Bonds of the National Railroad and on any of the First Consolidated Mortgage Four Per Cent. Gold Bonds of the National Railroad, whether now outstanding or hereafter issued, as such interest matures, and, at or before the maturity thereof, either will pay the principal of said Prior Lien Bonds of the National Railroad, or will take up and will pledge said Prior Lien Bonds under this Indenture.

SECTION 15. The Railway Company will, at or before the maturity of the Prior Lien Four and a Half Per Cent. Sterling Bonds of the International Railroad, take up and pledge said Prior Lien Sterling Bonds under this Indenture or cause the same to be taken up and pledged under the Prior Lien Mortgage of the National Railroad, and will, at or before the maturity of the First Consolidated Mortgage Four Per Cent. Bonds of the International Railroad, take up and pledge said First Consolidated Mortgage Four Per Cent. Bonds under this Indenture or cause the same to be taken up and pledged under the First Consolidated Mortgage of the National Railroad.

SECTION 16. The Railway Company assumes and agrees to pay, and will indemnify and hold harmless the National Railroad from and against any bonds (and as well the principal as the interest thereof) assumed or guaranteed by the National Railroad.

SECTION 17. The lines of railway and other property of the Central Railway shall not be sold either by voluntary conveyance or in the enforcement of any lien or charge thereon or otherwise

except to the Railway Company or to the Trustee ; and on the acquisition by the Railway Company or by the Trustee of the lines of railway of the Central Railway described in Article Fifth of the Granting Clause of this Indenture, the Railway Company will assume and agree to pay, and will indemnify and hold harmless the Central Railway against, any bonds (and as well the principal as the interest thereof) guaranteed by the Central Railway, and will assume and agree to pay any equipment obligations of the Central Railway then outstanding.

SECTION 18. Except subject to the lien hereof, or as herein otherwise expressly provided, the Railway Company

(*a*) will not sell, encumber, or by any voluntary act part with its ownership of or title to, any shares of stock of any company, or any securities of any company having voting power, a majority of the shares of which, or the voting control of which, however represented, shall have been pledged or assigned under this Indenture, or its equity of redemption therein, or the voting power thereon ; and

(*b*) will, subject to the lien hereof, hold all and singular the stock of every company of whose capital stock the greater part shall have been pledged or assigned under this Indenture, and the shares and the securities having voting power, of every company the voting control of which, however represented, is pledged or assigned under this Indenture, and will exercise its voting power thereon in such manner that it shall retain in itself the rights and powers of the holder of the greater part of the capital stock of such company or the voting control of such company ; and

(*c*) will, at all times, take all such action as from time to time may be necessary, to preserve the corporate existence and corporate rights of every company of whose capital stock the greater part shall be pledged or

assigned under this Indenture, or the voting control of which, in whatever form, shall be so pledged or assigned.

Except as herein otherwise expressly provided, the Railway Company will not, unless with the consent of the Trustee sanction or permit any company, of whose capital stock the greater part shall be pledged or assigned under this Indenture, or the voting control of which shall be so pledged or assigned, to sell or otherwise to dispose of its railroad or property or any part thereof, including stocks of any controlled or subsidiary company, except to the Railway Company, or to lease its railroad or property except to the Railway Company, or to some other company of whose capital stock the greater part shall then be owned by the Railway Company, and be pledged or assigned under this Indenture, nor unless such lease be upon the condition that it shall terminate at the election of the Trustee by entry or otherwise, in case default shall be made and shall continue as provided in section 2 of Article VII hereof, and at the election of the purchaser in case of a sale of the property subject to this Indenture.

Section 19. Any and all claims and indebtedness (other than bonds now or hereafter pledged or assigned to the Trustee under any provision of this Indenture) which the Railway Company now holds, or hereafter may acquire, against any other company of whose capital stock the greater part shall have been pledged or assigned under this Indenture, or the voting control of which shall be so pledged or assigned, shall become and be subject to the lien of this Indenture, and, if and when requested in writing by the Trustee, the Railway Company will execute to the Trustee appropriate assignments thereof.

Section 20. The Railway Company will not issue, negotiate, sell or dispose of any of the Prior Lien Bonds, in any

manner other than in accordance with the provisions of this Indenture, and the agreements in that behalf herein contained; and in issuing, selling, negotiating or otherwise disposing of the Prior Lien Bonds from time to time, it will well and truly apply, or cause to be applied, the same, or the proceeds thereof, to and for the purposes herein prescribed, and to and for no other or different purpose.

Section 21. All locomotives, tenders, cars and other equipment upon which this Indenture shall be or become a first lien, shall be marked so as to distinguish said equipment from the other equipment of the Railway Company and identify the same as equipment subject to this Indenture. At all times the Railway Company will keep and maintain all such cars, locomotives, tenders and other equipment in good order and condition, reasonable wear and tear excepted, and at all times will maintain such distinctive mark thereon; and whenever any such locomotives, tenders, cars or other equipment shall be worn out or destroyed, the Railway Company promptly will cause the same to be replaced by other locomotives, tenders, cars or other equipment of at least equal value, upon which such distinctive mark shall be placed, so that at all times the value of the locomotives, tenders, cars and other equipment upon which this Indenture shall be a first lien, shall be fully kept up; and at all times the Railway Company will set apart, use and apply for that purpose so much of the net earnings of the trust estate as may be required for such maintenance and replacement of such equipment.

At all times, the Railway Company will keep on its books a separate list of such locomotives, tenders, cars and other equipment, and prior to January 1, 1910, it will furnish to the Trustee a complete list of all such locomotives, tenders, cars and other equipment on which this Indenture shall then be a first lien, and thereafter it will annually, and at such additional times as the Trustee may request, fur-

nish to the Trustee a corrected list thereof, so as to enable the Trustee at all times to identify the locomotives, tenders, cars and other equipment upon which this Indenture is a first lien.

SECTION 22. The Railway Company will maintain, preserve and keep all and singular the lines of railway and the incident and appurtenant property at any time constituting part of the trust estate, in thorough working order and repair, and will make all needful and proper renewals, replacements and repairs, so that its traffic and business shall, at all times, be conducted with safety and expedition, and will, at all times, maintain, preserve and keep the said lines of railway, with the fixtures and appurtenances in like repair and working order, and supplied with all necessary equipment, and will conduct its business and work the said lines of railway in an efficient manner, and will diligently preserve all its rights, privileges and concessions granted and conferred by the laws of the Republic of Mexico or of any states thereof or elsewhere, and will not suffer any of its concessions, locations, rights, franchises or privileges to lapse or be forfeited, and will obtain from time to time all necessary renewals and extensions of such concessions, rights, franchises and privileges, and all such additional concessions from appropriate authorities, and all such rights of way, privileges and other rights as may be necessary in or about the construction, completion and operation of its railway or railways. The Railway Company may, however, at any time prior to the first day of July, 1913, with the written approval of Kuhn, Loeb & Co., Speyer & Co., Ladenburg, Thalmann & Co. and Hallgarten & Co., or any three of said firms as from time to time constituted, agree to the surrender or modification of any concession for the construction, maintenance or operation of any line of railway subject to this Indenture, or may accept in substitution therefor a new concession, *provided*, however, that such modification or substituted

concession shall in the judgment of the Railway Company be more advantageous to the Railway Company and to the holders of the Prior Lien Bonds than the concession modified or surrendered, and *provided*, further, that no such modification and no such new concession shall shorten the period of the concession so modified or surrendered, or restrict rights of the Railway Company thereunder, or reduce the amount of any subsidy which may have been granted by such concession, and that no lien or credit in favor of the company holding such concession, which by the concession so modified or surrendered the Federal Government shall have agreed to recognize, shall be diminished by any such modified or substituted concession. None of said firms, nor any successor firms, shall be deemed to assume any duty, and it is expressly declared and agreed by the parties to this Indenture and by the holders of the Prior Lien Bonds and coupons that none of said firms nor any successor firms shall be under any obligation, of any character whatever for or in respect of any action taken or omitted to be taken by said firms or any of them in or in connection with the matters aforesaid or in or in connection with any of the matters forming the subject of the succeeding Section 23 of this Article.

Section 23. The National Railroad, the Central Railway, the International Railroad, the Interoceanic Railway and each of their respective subsidiary and controlled companies and every company, a majority in amount of the shares in the capital stock of which or the voting control of which, shall be pledged under this Indenture, and each of their respective subsidiary and controlled companies, shall and will maintain, preserve and keep all and singular its lines of railway and other property in thorough working order and repair, and shall make all needful and proper renewals, replacements and repairs, so that its traffic and business shall at all times be conducted with safety; and will at all times maintain, preserve and keep its said lines of railway and property and the

fixtures and appurtenances in like repair and working order and supplied with all necessary equipment, and shall conduct its business and work its said lines of railway and property in an efficient manner; and shall diligently preserve all its rights, privileges and concessions granted and conferred by the laws of the Republic of Mexico or of any states thereof or elsewhere, and shall not suffer any of its concessions, locations, rights, franchises or privileges to lapse or be forfeited, and shall obtain, from time to time, all necessary renewals and extensions of such concessions, rights, franchises and privileges, and all such additional concessions, from appropriate authorities, and all such rights of way, privileges and other rights, as may be necessary in or about the construction, completion and operation of its railway or railways or other property; but the said respective companies shall have and may exercise with respect to any such concession the same rights of surrender, modification and exchange as are conferred upon the Railway Company by the preceding Section 22 of this Article and under the like restrictions and limitations.

Section 24. The National Railroad shall not, after the execution and delivery of this Indenture, issue any additional bonds under its Prior Lien Mortgage to Union Trust Company of New York, dated March 15, 1902, except to take up a like principal amount of the prior lien four and a half per cent. sterling bonds of the International Railroad.

Section 25. The National Railroad shall not, after the execution and delivery of this Indenture, issue any additional First Consolidated Mortgage Bonds under its First Consolidated Mortgage to Central Trust Company of New York, dated March 15, 1902, except to take up a like principal amount of the First Consolidated Mortgage Four Per Cent. Bonds of the International Railroad.

Section 26. The Central Railway shall not, after the execution and delivery of this Indenture, issue any bonds under its First Mortgage to Boston Safe Deposit and Trust Company, dated June 1, 1881; or under its Income Mortgage to American Loan and Trust Company, dated July 1, 1881; or under its Consolidated Mortgage to Boston Safe Deposit and Trust Company, dated January 1, 1889; or under its Consolidated Income Indenture to American Loan and Trust Company, dated January 1, 1889.

Section 27. The Railway Company will pay to the Trustee all expenses incurred by the Trustee in the execution of the trusts hereof, including the administration of the Sinking Fund, and all sums of money, if any, that shall have been paid by the Trustee or by any persons interested in the trusts hereof on account of any such taxes, charges, assessments or liens or insurance moneys or otherwise in case of any default in respect thereof on the part of the Railway Company as aforesaid, with interest at the rate of six per cent. per annum from the time or times of such payments respectively.

Section 28. In the event of any sale of the trust estate or of any part thereof, under any power or trust herein contained, the Railway Company will, if and when required by the Trustee or the purchaser, execute a formal conveyance or assurance of the property so sold, to the Trustee or as the Trustee may direct.

ARTICLE VI.

AS TO BONDS AND STOCKS PLEDGED HEREUNDER.

SECTION 1 : Unless (1) the Railway Company shall be in default in the payment of the principal of some one or more of the Prior Lien Bonds or of some instalment of interest on some one or more thereof, or of some instalment of the Sinking Fund to be created in accordance with Article III hereof, or of some other amount by said Article or by any other provision of this Indenture required to be paid to the Trustee ; or (2) the Railway Company shall be in default in the payment of any tax, assessment or other governmental charge lawfully imposed or levied upon any part of the trust estate, and such default shall have continued for a period of three months after written notice thereof from the Trustee to the Railway Company ; or (3) some one or more of the events in subdivisions *(d) (e) (f) (g)* and *(h)* of Section 2 of Article VII specified, shall have happened and shall be continuing; or (4) the Railway Company voluntarily shall have surrendered to the Trustee possession of railways or appurtenant and incident property constituting part of the trust estate as hereinafter authorized,

(a) the Trustee (except with the assent of the Railway Company or as otherwise authorized by this Indenture) whether at or before or after the maturity thereof, shall not collect or be entitled to collect the principal or interest of any bonds or obligations, or of any other claims or indebtedness, or the dividends on any of the stocks, now or hereafter subject to this Indenture and shall not enforce any provisions of the mortgages, trust deeds or other instruments under which such bonds or other obligations were issued or by which the same are secured ;

(b) the Railway Company shall be entitled to receive all interest paid in respect of any such bonds or

obligations and the dividends out of earnings on all shares of stock which shall be subject to this Indenture ; and from time to time (subject to all covenants in respect thereof in this Section contained) upon request of the Railway Company, the Trustee shall deliver to the Railway Company any coupons for such interest then in the possession of the Trustee, in order that the Railway Company may receive payment thereof for its own use or may cause the same to be cancelled, and the Trustee shall deliver to the Railway Company suitable orders in favor of the Railway Company, or its nominee or nominees, for the payment of such dividends ; and the Railway Company may collect such coupons and dividends, but not by any proceeding which the Trustee shall deem to be prejudicial to the trusts under this Indenture ; and the Trustee shall pay over to the Railway Company any such interest or dividends which may be collected or received by it ; but any coupons belonging to bonds of any issue secured by lien prior to the lien of this Indenture upon any of the railways or other property of any character on which at the time of the maturity of such coupons this Indenture shall be a direct lien, shall be cancelled before delivery to the Railway Company ;

(c) the Railway Company, for its own use, shall be entitled to demand, receive and collect (but not by any proceedings which the Trustee shall deem prejudicial to the trusts hereunder) and may release and discharge, the principal and interest of any such claims and indebtedness subjected to the lien of this Indenture under Section 19 of Article V hereof, and upon the request of the Railway Company, the Trustee shall execute any reassignments or releases which may be required for that purpose.

Provided, however, that except as herein otherwise expressly declared,

(1) the Railway Company shall not be entitled to receive, and the Trustee shall not pay over to the Railway Company, the principal of any of the bonds or obligations subject to this Indenture;

(2) the Railway Company shall not be entitled to receive, and the Trustee shall not pay over, any interest on any such bond or obligation, or any principal or interest of any other claim or indebtedness subject to this Indenture, which shall have been collected or paid out of the proceeds of any sale, condemnation or expropriation of any property covered by a mortgage securing such bonds or obligations, or out of the proceeds of a sale of any other property of the company liable upon such bonds, obligations, claims or indebtedness, in case of a dissolution or liquidation of such company; it being the intention that the Railway Company shall only be entitled to receive payments made out of the rents, revenue, income or proceeds of operation of such properties;

(3) the Railway Company shall not sell, assign or transfer any such coupon or right to interest or dividends delivered or assigned to it, or any other such claim or indebtedness;

(4) the Railway Company shall not collect any such coupons or interest or any such other claims or indebtedness, by legal proceedings or by the enforcement of any security therefor, except with the written assent of the Trustee nor in any manner which the Trustee shall deem prejudicial to the trusts hereunder;

(5) until actually paid or discharged, every such coupon or right to interest or dividends and all such other claims and indebtedness shall in all respects remain subject to the lien of this Indenture.

If any such coupon, or if any evidence of any such claim or indebtedness delivered to the Railway Company as aforesaid shall not, as aforesaid, be forthwith paid and cancelled, the Railway Company shall return the same to the Trustee, and, in case of the payment of any such coupon, claim or indebtedness, the Railway Company shall, upon demand of the Trustee, furnish satisfactory evidence of the cancellation and extinguishment thereof.

Section 2. In case any sum shall be paid on account of the principal of any bond or obligation subject to this Indenture, or shall be paid upon the dissolution or liquidation of any company upon any shares of stock of such company subject to this Indenture, as mentioned in Section 1 of this Article, then, in any such case, unless some other disposition thereof be required by some prior lien or charge, every such sum shall be received by the Trustee, and shall be added to the Sinking Fund and applied for the purposes of the Sinking Fund in accordance with the provisions of Article III and in addition to the amounts therein provided, or at the election of the Railway Company, to be evidenced by its written request delivered to the Trustee within thirty days after the receipt by the Trustee of such moneys, shall be applied by the Trustee to the redemption of the Prior Lien Bonds by purchase in the open market.

Section 3. Unless some one or more of the events specified in Section 1 of this Article shall have happened, the Railway Company shall have the right to vote upon all shares of stock subject to this Indenture for all purposes not contrary to its covenants in this Indenture contained or otherwise inconsistent with the provisions or purposes of this Indenture, and with the same force and effect as though such shares were not subject to this Indenture, and from time to time, upon demand of the Railway Company, the Trustee forthwith shall cause to be executed and delivered to the Railway Company, or its

nominees, suitable powers of attorney or proxies for such purposes.

Subject only as in this Indenture specifically restricted and to the actual exercise by the Railway Company of rights in respect thereof conferred by this Indenture, the Trustee shall have and may exercise all the rights of owners in respect of the bonds, obligations or stock held by the Trustee under this Indenture or in any manner whatsoever on the trusts hereof.

Section 4. The Trustee may cause to be registered in its name as Trustee any and all coupon bonds pledged with it hereunder, or which at any time hereafter may be pledged with it under any of the provisions of this Indenture, or cause the same to be exchanged for registered bonds of any denomination without coupons, or cause the same to be stamped to the effect that the same are not negotiable and are held by the Trustee under the Prior Lien Mortgage of the Railway Company. The Trustee shall cause all registered bonds to be transferred into its name as trustee hereunder, and shall cause to be transferred into its name as trustee or into the name or names of its nominee or nominees, all shares of stock delivered to it or which at any time hereafter may be delivered to it as security hereunder.

The Trustee may do whatever may be necessary for the purpose of maintaining or preserving the corporate existence of any and all of the companies, any of whose shares shall at any time be pledged or assigned hereunder, and for such purpose from time to time the Trustee may sell, assign, transfer and deliver so many shares of stock of the several companies as may be necessary to qualify persons to act as directors of, or in any other official relation to, said companies; provided, however, that, under this provision, no transfer shall be made which shall reduce the amount of stock in any company held by the Trustee so as to render it less than a majority in amount of the stock of such company at the time outstanding; and, in

any such case, the Trustee may make such arrangements as it may deem necessary for the protection of the trusts under this Indenture.

SECTION 5. If any default shall be made in the payment of the principal or interest of any of the bonds or obligations at any time pledged hereunder, or of other bonds secured by the same mortgage as such bonds held by the Trustee, then, in such case, the Trustee, without prejudice to its right to claim a default under this Indenture or to assert any right consequent upon such default, may, and unless such default shall constitute an event of default, shall, at the written request of the Railway Company, cause proper proceedings to be instituted and prosecuted in some court of competent jurisdiction to foreclose the mortgage or trust or charge by which such bonds are secured or otherwise to enforce the security thereof or collect or protect the same.

In case (1) at any time any company shares of whose capital stock shall be held by the Trustee hereunder shall be dissolved or liquidated; or in case (2) all or any of the property of any such company shall be sold at any judicial or other sale; or in case (3) any property covered by a mortgage securing any of the bonds subject to this Indenture or subject to any charge or trust for the payment of other obligations subject to this Indenture, shall be sold upon foreclosure of such mortgage or by enforcement of such charge or trust, then, in any such case, if the property of said company, or the property sold, can be acquired by crediting on the bonds, claims, indebtedness or stock held by the Trustee hereunder, the amount accruing thereon out of the proceeds of such property, and paying not more than fifteen (15) per cent. of the price of such property in cash, the Trustee may, in its discretion, and, in any case, if the Railway Company or a majority in amount of the outstanding Prior Lien Bonds request it in writing, and provide it with the necessary funds therefor, shall purchase or cause to be purchased

such property either in its own name, or in the name or on behalf of the Railway Company, or by purchasing trustees, and shall use such bonds, claims, indebtedness and stock to make payment for said property; and, in case of any such purchase, the Trustee shall take such proceedings as it may deem proper, or as the Railway Company may request, to cause such property to be vested either in the Railway Company, subject to the lien of this Indenture, or in some other corporation organized or to be organized with power to acquire and manage such property, in which latter event all the bonded debt and capital stock of such other corporation (excepting the amount thereof required to qualify directors) shall be received and held by the Trustee. The Trustee may also, in any case, take such steps as, in its discretion, it shall deem to be best calculated to protect its interest hereunder in respect of any bonds or stock subject to the lien hereof, and for that purpose it may join in any plan of reorganization, readjustment or conversion in respect of any such bonds or stock and may accept new securities issued in exchange therefor under such plan.

If said shares in the stock of any such company so liquidated or dissolved, or whose property shall be sold, or such bonds or obligations the mortgage or other instrument securing which shall be so foreclosed, shall be held by the trustee under any indenture constituting a prior lien on the trust estate or part thereof, the Trustee may, in respect thereof, permit the purchase thereof by or on behalf of the trustee under such prior indenture, and in respect of any such bonds or shares, join or permit and authorize the trustee under any indenture constituting a prior lien thereon, to join in any such plan of reorganization, readjustment or conversion and may authorize the acceptance of new securities issued in exchange therefor under such plan, which shall be subject to this Indenture.

The Railway Company covenants that, on demand of the Trustee, it will forthwith pay or satisfactorily provide for all

expenditures incurred by the Trustee under any of the provisions of this Section, including all sums required to obtain and perfect the ownership of and title to any railways or other properties which the Trustee shall purchase or cause to be purchased pursuant to the provisions of this Section. Either at the written request of the Railway Company or where not more than fifteen per cent. of the price of such property shall be required to be paid in cash (and, in the latter event if the Railway Company shall fail to provide such cash, then, without impairment of or prejudice to any of the rights of the Trustee hereunder by reason of such default of the Railway Company), the Trustee, in its discretion, may advance all such expenses and other moneys required, or may procure such advances to be made by others, and for such advances made by the Trustee or by others at its request, with interest thereon, the Trustee shall have a lien under this Indenture preferentially to the Prior Lien Bonds upon all the stocks, bonds, claims and indebtedness in respect of which such advances shall have been made and the proceeds thereof and any property acquired by means thereof.

In case the Trustee shall not purchase or cause to be purchased the property sold at any such sale, and shall not join in a plan of reorganization as aforesaid in respect of such bonds or stock, the Trustee shall receive any portion of the proceeds of the sale accruing on the securities held by it hereunder, and such moneys shall be added to the Sinking Fund and applied for the purposes of the Sinking Fund in accordance with the provisions of Article III and in addition to the amounts therein provided, or, at the election of the Railway Company, to be evidenced by its written request delivered to the Trustee within thirty days after the receipt by the Trustee of such moneys, shall be applied by the Trustee to the redemption of the Prior Lien Bonds by purchase in the open market.

Section 6. The assignment or pledge hereunder of any shares of stock of any company or companies, shall not prevent the

consolidation of any one or more of said companies with the Railway Company or the merger of any such company into, or the sale, conveyance, transfer or lease of the property of any such company to, the Railway Company; but, anything in this Indenture contained to the contrary notwithstanding, such consolidation, merger, sale or lease may be made under any laws to which such companies may then be subject. In the event of the consolidation of any one or more of the said companies with the Railway Company or its merger into the Railway Company or the sale or lease of its property to the Railway Company, this Indenture immediately shall become and be a lien upon the property of the company so consolidated with or merged into or so sold to the Railway Company, or upon the leasehold interest of the Railway Company therein, with the same force and effect as if expressly conveyed by this Indenture; and the holders of the Prior Lien Bonds shall always have as full and complete a lien upon such property and the income, earnings and profits thereof as that upon the stock and bonds of such company created by the pledge or assignment thereof to the Trustee hereunder, and the Railway Company will, upon the request of the Trustee, execute any and all instruments and do any acts necessary or proper under the laws applicable thereto to make such lien effectual.

Section 7. The assignment or pledge hereunder of any shares of stock of any company or companies shall not prevent

(*a*) the consolidation or merger of any such company with or into any other company of whose capital stock the greater part shall be assigned and pledged hereunder, nor

(*b*) the consolidation with such company or the merger into such company of any other company a majority of whose capital stock or other voting control of which shall not be assigned and pledged under this Indenture, nor

(*c*) the sale or lease of the property of any such company (subject to the restrictions set out in Section 18 of Article V hereof) to any other company of whose capital stock the greater part shall be assigned and pledged under this Indenture, nor

(*d*) the sale or lease (subject to the like restrictions) to such company of the lines of railway and properties of any other company a majority of whose capital stock shall not be pledged and assigned hereunder ;

provided, however, that the relative interest and control represented by the stocks and securities assigned and pledged hereunder shall not be diminished by any such merger, consolidation, sale, purchase or lease, and *provided* further that no merger, consolidation, sale, purchase or lease shall be made, to which any company, the voting control of which may be pledged or assigned under this Indenture shall be a party, unless the voting control of the consolidated company, or of the company into which such merger shall be made, or of the purchaser or the lessee company shall be vested in the Railway Company and be similarly pledged or assigned under this Indenture. In the event that any such consolidation, merger, lease or purchase shall take place, all shares of capital stock and all securities issuable on the completion of such consolidation, merger or purchase, with respect to shares of capital stock pledged and assigned hereunder, shall be pledged to and deposited with or assigned to the Trustee.

Section 8. The assignment or pledge hereunder of the shares and debenture stock of the Interoceanic Railway shall not prevent any readjustment of the preferred and ordinary shares of the Interoceanic Railway or any readjustment of its funded debt or the creation of additional funded debt or debenture stock for its corporate purposes or the issue of additional stock ; *provided*, however, that the stocks, shares and securities held by the Trustee or to which the Trustee shall become entitled shall always constitute the voting control

of said Railway. The Trustee may deposit under any plan and agreement of readjustment, the certificates for such shares and stocks held by it, and may receive, and act in accordance with, the opinion of the Counsel of the Railway Company as to the legal effect of any such plan and agreement of readjustment.

Section 9. The Trustee at any time prior to the happening of any of the events of default shall, if so requested in writing by the Railway Company, and at any time after the happening of any event of default and during its continuance, may without such request make any exchange, substitution, cancellation or surrender of securities required for the purposes or in accomplishment of any merger, consolidation or sale authorized by this Article and for that purpose may deposit the shares of any company held by it under any plan and agreement of merger or consolidation or readjustment of such company or of any controlled company of the Railway Company or by means of such merger, consolidation or readjustment or by means of reorganization to become a controlled company of the Railway Company. The Trustee shall under the like restrictions and, in its discretion, may also deposit under any such plan of merger, consolidation or readjustment or reorganization any bonds, debentures or other securities of any such company held by it; provided, however, that the relative interest and control represented by the securities so deposited shall not be diminished in such merger, readjustment or reorganization. The Trustee may receive the opinion of the Counsel of the Railway Company, or any counsel approved by the Trustee, as to the legal effect of any such merger, consolidation or sale and as to the steps necessary to be taken to consummate the same and as to any other matter under this Section and such opinion shall be full protection to the Trustee for any action by it taken or suffered pursuant thereto.

Section 10. If any question shall arise between the parties as to what shall constitute diminution of interest and control within the meaning of any of the provisions of this Article, either party may submit such question for arbitration to a tribunal consisting of three disinterested persons, constituted as hereinafter provided.

Each party hereto shall choose one arbitrator, and the two thus chosen shall choose a third. In case either party shall refuse or fail to appoint an arbitrator within thirty (30) days after receiving written notice from the other party of the question which it is desired to submit to arbitration, and of its appointment of the arbitrator, such party so asking for an arbitrator may also appoint the second arbitrator, and the two persons so chosen shall choose the third arbitrator.

The tribunal so constituted shall give ten days' written notice of the time and place of hearing to the parties, and shall proceed without delay to hear the proofs and allegations of the parties, or of such party as may appear before it, and to determine the questions so submitted to it for arbitration, and shall make its decision and award in writing. In case either party refuses or fails, upon said written notice given by such arbitrators, to produce its proofs, or present its case before them, the arbitrators may determine such question so submitted to them upon proofs presented by the other party.

The decision and award of the majority of the arbitrators, when made in writing and signed by them, an original counterpart of which shall be lodged with the Trustee, shall in every case be final and conclusive, and obligatory upon the parties.

Section 11. Whenever (the Railway Company having acquired the lines of railway of the National Railroad described in the Granting Clause of this Indenture and the other property of the National Railroad on which the mortgages of

the National Railroad securing its Prior Lien Bonds and its First Consolidated Mortgage Bonds shall be a lien) all the Prior Lien Bonds and all the First Consolidated Mortgage Bonds of the National Railroad shall have been delivered to the Trustee and be held by it, or shall have been paid or otherwise satisfied (except such lost or destroyed bonds for which satisfactory indemnity may have been given), the Trustee, at the request of the Railway Company, concurrently with the delivery to the Trustee of any stocks, bonds and other obligations pledged to secure the same, shall cancel all said bonds and shall cause the mortgages or deeds of trust securing the same to be canceled and discharged of record and the mortgaged premises and property embraced therein to be released from such mortgages or trust deeds.

SECTION 12. Whenever (the Railway Company, having acquired the lines of railway of the Central Railway specified in the Granting Clause of this Indenture, and the other property of the Central Railway on which the mortgages securing the bonds of the Central Railway hereafter mentioned shall be a lien), all the Priority Mortgage Bonds, First Mortgage Bonds, Consolidated Mortgage Bonds, and First and Second Consolidated Income Bonds and Registered Income Bonds of the Central Railway shall have been delivered to the Trustee and be held by it, or shall have been paid or satisfied (except such lost or destroyed bonds for which satisfactory indemnity may have been given), the Trustee, concurrently with the delivery to the Trustee of any stocks, bonds and other obligations pledged to secure the same, at the request of the Railway Company shall cancel all said bonds, and shall cause the mortgages or deeds of trust securing the same to be cancelled and discharged of record, or the mortgaged premises and property embraced therein to be released from such mortgage or trust deed.

Section 13. Whenever the Railway Company shall have acquired any other line of railway or any terminal property which shall be subject to this Indenture as a direct lien or charge, the Trustee shall, at the written request of the Railway Company, cancel all bonds secured by lien upon said railway or terminal property in priority to this Indenture then held by the Trustee, *provided* such bonds so cancelled shall constitute the entire indebtedness secured by lien or charge on said line of railway or terminal property prior to the lien of this Indenture (other than lost or destroyed bonds or bonds for which satisfactory indemnity shall have been given), and shall cause the mortgages or deeds of trust securing the same to be cancelled and discharged of record, and the mortgaged premises and property embraced therein to be released from such mortgages or deeds of trust.

Section 14. Whenever all outstanding First and Refunding Mortgage Bonds of the Tampico Harbor Company shall have been acquired by the Railway Company and shall have been delivered to the Trustee and be held by it, the Trustee shall, at the written request of the Railway Company, cancel all such bonds, and shall cause the mortgage or deed of trust securing the same to be cancelled and discharged of record and the mortgaged premises and property embraced therein to be released from such mortgage or deed of trust.

Section 15. The Trustee at any time in its discretion may, and if requested in writing by the Railway Company shall, consent to an extension or renewal of any of the said several bonds pledged with or assigned to, or which shall hereafter be pledged with or assigned to the Trustee hereunder (other than bonds of the Central Railway or bonds which by any of the provisions of this Indenture the Railway Company has covenanted shall be paid, taken up or otherwise dealt with or bonds for the payment, taking up or other dealing with which provision is made under this Indenture or under the

General Mortgage), and to an extension or renewal of the mortgages securing the same; and in case of the renewal of any such bonds, the Trustee may surrender the same to the company which issued them, or its successor, and in lieu thereof may receive renewal bonds bearing such interest and maturing at such time as the Trustee may deem reasonable; *provided*, that such extended or renewal bonds shall be secured by a lien and charge upon the same property equal or superior to that securing the bonds extended or renewed. The Trustee may receive the certificate of counsel of the Railway Company as conclusive evidence that such extended or renewal bonds are so secured, and shall not be liable for any action taken by it on the faith thereof. All bonds received in exchange for or in renewal of the said several bonds heretofore mentioned pledged with or assigned to, or which hereafter may be pledged with or assigned to, the Trustee, shall be held by the Trustee subject to the lien and to all the terms and provisions of this Indenture, in the same manner and to the same extent as the bonds in exchange for which or in renewal of which they shall have been received. Except as aforesaid, or as shall be necessary in order to comply with the requirements of this Indenture, or as may in this Indenture be otherwise expressly provided, no company the greater part of the stock of which is pledged or assigned under this Indenture, or the voting control of which in any form is so pledged or assigned, shall issue additional bonds or create any mortgage or other lien upon any of its railroads, properties, rights, privileges, concessions or franchises, unless effective provision be made that all such bonds and any such mortgage or lien shall, immediately upon the creation and issue thereof, be delivered to the Trustee under this Indenture; *provided*, however, that any such company other than the National Railroad, the Central Railway and the International Railroad, may issue additional bonds secured as aforesaid *(a)* to take up a like amount of outstanding lien indebtedness of such company, or *(b)* to acquire ad-

ditional lines of railway or terminals, and appurtenant and incident properties, or *(c)* for improvements and betterments to the properties owned by such company.

National Railroad, Central Railway and International Railroad shall not issue any additional stock, and no company the greater part of the stock of which shall be pledged or assigned under this Indenture, or the voting control of which is so pledged or assigned, shall issue additional stock unless (subject to Section 7 of this Article), immediately upon the issue thereof, the same or such proportion thereof as the stock held by the Trustee shall bear to the total issued stock, shall be delivered to the Trustee under this Indenture as part of the trust estate, *provided* that subject to Section 8 of this Article VI, the Interoceanic Company may issue additional stock.

ARTICLE VII.

REMEDIES OF TRUSTEES AND BONDHOLDERS.

SECTION 1. The Railway Company covenants and agrees that it will not, directly or indirectly, extend or assent to the extension of the time for payment of any coupon or claim for interest upon any of the Prior Lien Bonds and that it will not, directly or indirectly, be a party to or approve any arrangement therefor by purchasing or funding said coupons or in any other manner. In case the payment of any such coupon should be so extended by or with the consent of the Railway Company, such coupon or claim for interest so extended shall not be entitled in case of default hereunder to the benefit or security of this Indenture, except subject to the prior payment in full of the principal of all the outstanding Prior Lien Bonds, and of all coupons on such bonds the payment of which has not been so extended; the intention of this agreement being to prevent any accumulation after maturity of coupons upon the Prior Lien Bonds.

SECTION 2. In case any one or more of the following events, hereinafter termed events of default, shall happen, viz. :

(*a*) default shall be made in the payment of any instalment of interest on any of the Prior Lien Bonds as the same shall become payable and such default shall continue for the space of thirty days ; or

(*b*) default shall be made in the due and punctual payment of the principal of any Prior Lien Bond when the same shall become due and whether at maturity or by declaration or otherwise ; or

(*c*) default shall be made in the payment of any instalment of the Sinking Fund to be created in pursuance of Article III, and such default shall continue for thirty days, or in the payment of any other sum of money payable to the Trustee under any of the provisions of this Indenture, and any such last mentioned default shall continue for three months ; or

(*d*) default shall be made in the payment of the principal of any of the Prior Lien Bonds of the National Railroad or of the First Consolidated Mortgage Bonds of the National Railroad or of any instalment of interest on any of such bonds and any such default in the payment of interest shall continue for thirty days ; or

(*e*) the Railway Company having taken over any of the lines of railway specified in the Granting Clause as of the Central Railway or of the National Railroad, or having taken over any of the lines of railway of the International Railroad, default shall be made in the payment of any instalment of interest on, or of the principal of, any bond secured on such line of railway or any part thereof, by charge of any character in priority to this Indenture and not held by the Trustee, and any such default in the payment of interest shall continue for the period of thirty days ; or

(*f*) default shall be made in the performance of any one or more of the covenants of the Railway Company contained in Sections 11, 12, 13, 15 or 17 of Article V hereof; or

(*g*) default shall be made in the due observance or performance of any other covenant or condition herein required to be kept or performed by the Railway Company, and any such default shall have continued for a period of three months after written notice of such default from the Trustee to the Railway Company ;

(*h*) a receiver shall be appointed of the Railways or any of them on which, at the time, this Indenture is a direct charge ;

then, and in each and every such case, the Trustee personally, either in its own right as Trustee or as attorney in fact for the Railway Company, or by its agents or attorneys, may enter into and upon all or any part of the trust estate of which the Trustee shall not be in possession, and may exclude the Railway Company, its agents and servants, wholly therefrom, and having and holding the same, may use, operate, manage and control the railways, rolling stock, property and premises, lands, rights, interests and franchises hereby conveyed, and each and every part thereof, regulate the tolls for the transportation of passengers and freight thereon according to law, and conduct the business thereof, either personally or by its superintendents, managers, receivers, agents and servants or attorneys to the best advantage of the holders of the Prior Lien Bonds, and upon every such entry, the Trustee, at the expense of the trust estate, from time to time, either by purchase, repairs or construction, may maintain and restore, and insure or keep insured, the rolling stock, tools and machinery and other property, buildings, bridges and structures erected or provided for use in connection with said railways and other premises, and whereof it shall become possessed, as aforesaid, in the same manner and to the

same extent as is usual with railroad companies, and likewise from time to time, at the expense of the trust estate, may make all necessary or proper repairs, renewals and replacements, and useful alterations, additions, betterments and improvements thereto and thereon, as to it may seem judicious; and, in such case, the Trustee shall have the right to manage the trust estate, and to carry on the business and exercise all rights and powers of the Railway Company, either in the name of the Railway Company or otherwise, as the Trustee shall deem best; and the Trustee shall be entitled to collect and receive all tolls, earnings, income, rents, issues and profits of the trust estate and every part thereof; and, after deducting the expenses of operating said railways and other premises, and of conducting the business thereof, and of all repairs, maintenance, renewals, replacements, alterations, additions, betterments and improvements, and all payments which may be made for taxes, assessments, insurance and prior or other proper charges upon the trust estate, or any part thereof, as well as just and reasonable compensation for its own services, and for all attorneys, counsel, agents, clerks, servants and other employees by it properly engaged and employed, it shall apply the moneys arising as aforesaid as follows:

In case the principal of the Prior Lien Bonds shall not have become due, to the payment of the interest in default, in the order of the maturity of the instalments of such interest, with interest thereon at the rate of four and a half per cent. per annum; such payments to be made ratably to the persons entitled thereto, without discrimination or preference and after the payment of all arrears of interest to the payment of any instalment of the Sinking Fund then in default with interest upon the respective instalments at the rate of six per cent. per annum calculated semi-annually.

In case the principal of the Prior Lien Bonds shall have become due, by declaration or otherwise, first, to

the payment of the accrued interest (with interest on the overdue instalments thereof at the rate of four and a half per cent. per annum) in the order of the maturity of the instalments, and then to the payment of the principal of all the Prior Lien Bonds; in every instance such payments to be made ratably to the persons entitled to such payment, without any discrimination or preference.

These provisions, however, are not intended in any wise to modify the provisions of Section 1 of this Article.

Section 3. If one or more of the events of default specified in Subdivisions (*a*), (*b*) and (*c*) of Section 2 of this Article shall happen, the Trustee may, and, upon the written request of the holders of fifteen per cent. in amount of the Prior Lien Bonds then outstanding, shall, by notice in writing delivered to the Railway Company, declare the principal of all the Prior Lien Bonds then outstanding to be due and payable immediately. If one or more of the events of default specified in Subdivisions (*d*), (*e*), (*f*), (*g*) and (*h*) of said Section 2 of this Article shall happen, the Trustee, upon the written request of the holders of fifteen per cent. in amount of the Prior Lien Bonds then outstanding, shall by notice in writing delivered to the Railway Company, declare the principal of all the Prior Lien Bonds then outstanding to be due and payable immediately. Upon any such declaration by the Trustee, the principal of all the Prior Lien Bonds then outstanding shall become and be immediately due and payable, anything in this Indenture or in said bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of said bonds shall have been so declared due and payable, and before any sale of the trust estate shall have been made, all arrears of interest upon all the Prior Lien Bonds, with interest at the rate of four and a half per cent. per annum on overdue instalments of interest, all arrears of

the Sinking Fund with interest at the rate of six per cent. per annum, on the respective instalments in arrear, and all other amounts in respect of which the Railway Company shall then be in default under this Indenture other than the principal of the Prior Lien Bonds, shall, together with the expenses of the Trustee, either be paid by the Railway Company, or be collected out of the trust estate, then and in every such case the holders of three fourths in amount of the Prior Lien Bonds outstanding, if one or more of the events of default specified in Subdivisions (*a*), (*b*) and (*c*) of Section 2 of this Article shall have happened; or if none of said events of default shall have happened, then the holders of a majority in amount of the Prior Lien Bonds then outstanding, by written notice to the Railway Company and to the Trustee, may waive such default and its consequences, but no such waiver shall extend to or affect any subsequent default, or impair any right consequent thereon.

In case the Trustee shall have proceeded to enforce any right under this Indenture, by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned because of such waiver, or for any other reason, or shall have been determined adversely to the Trustee, then and in every such case, the Railway Company and the Trustee shall be restored to their former position and rights hereunder in respect of the trust estate and all rights, remedies and powers of the Trustee shall continue as though no such proceedings had been taken.

Section 4. If one or more of the events of default shall happen, the Trustee, with or without entry, personally or by attorney, in its discretion

(*a*) may sell to the highest and best bidder, all and singular, the trust estate, and all right, title and interest, claim and demand therein, and right of redemption thereof, in one lot and as an entirety, unless

a sale in parcels shall be required under the provisions of Section 6 of this Article, in which case such sale may be made in parcels as in said Section provided; such sale or sales shall be made at public auction at such place in the City of New York, in the State of New York, or at such other place, and at such time and upon such terms, as the Trustee may fix and briefly specify in the notice of sale to be given as herein provided; or

(*b*) may proceed to protect and enforce its rights and the rights of bondholders under this Indenture, by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the foreclosure of this Indenture, or for the enforcement of any other appropriate legal or equitable remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of its rights or duties hereunder.

SECTION 5. Upon the written request of the holders of ten (10) per cent. in amount of the Prior Lien Bonds, in case of the happening of one or more of the events of default, it shall be the duty of the Trustee, upon being indemnified as hereinafter provided, to take all needful steps for the protection and enforcement of its rights and the rights of the holders of the Prior Lien Bonds, and to exercise the powers of entry or sale herein conferred, or both, or to take appropriate judicial proceedings by action, suit or otherwise, as the Trustee, being advised by counsel, shall deem most expedient in the interest of the holders of the bonds.

SECTION 6 In the event of any sale, whether made under the power of sale granted and conferred by this Indenture, or under or by virtue of judicial proceedings, or of some judgment or decree of foreclosure and sale, the whole of the trust

estate shall be sold in one parcel, and as an entirety, including all the rights, titles, estates, railroads, equipment, concessions, franchises, contracts, and other real and personal property of every name and nature, unless the holders of a majority in amount of the Prior Lien Bonds then outstanding shall, in writing, request the Trustee to cause the trust estate to be sold in parcels, in which case the sale shall be made in such parcels as may be specified in such request, or unless such sale as an entirety is impracticable; and this provision shall bind the parties hereto and each and every of the holders of the Prior Lien Bonds and coupons; *provided*, however, that in the event of such sale prior to the acquisition by the Railway Company of the lines of railroad of the National Railroad and of the Central Railway the Trustee may, in its uncontrolled discretion, sell the stocks, shares, bonds, securities and obligations subject to this Indenture, separately or at a separate sale of which separate notice may be given, and in one parcel or in several parcels, and if in several parcels, in such parcels and in such order as the Trustee may determine.

The Railway Company, for itself and all persons, and corporations hereafter claiming through or under it or who may at any time hereafter become holders of liens junior to the lien of this Indenture, hereby expressly waives and releases all right to have the properties and estate comprised in the security intended to be created by this Indenture marshalled, upon any foreclosure or other enforcement hereof; and the Trustee or any court in which the foreclosure of this Indenture, or administration of the trusts created by this Indenture, is sought, shall have the right, as aforesaid, to sell the entire trust estate, as a whole, in a single parcel.

Section 7. Notice of any such sale pursuant to any provision of this Indenture shall state the time and place when and where the same is to be made, and shall contain a brief

general description of the property to be sold, and shall be sufficiently given if published twice in each week for eight successive weeks prior to such sale in two newspapers of general circulation in the City of New York, one in London, and one in the City of Mexico, D. F.

Section 8. The Trustee from time to time may adjourn any sale to be made by it under the provisions of this Indenture, by announcement at the time and place appointed for such sale, or for such adjourned sale or sales ; and without further notice or publication, it may make such sale at the time and place to which the same shall be so adjourned.

Section 9. Upon the completion of any sale or sales under this Indenture, the Trustee shall execute and deliver to the accepted purchaser or purchasers a deed or deeds of conveyance of the property sold. The Trustee and its successors hereby are appointed the true and lawful attorney and attorneys, irrevocable, of the Railway Company, in its name and stead to make all necessary or proper deeds, conveyances, transfers and assignments of property thus sold : and for that purpose it and they may execute all necessary or proper deeds and instruments and acts of assignment and transfer, and may substitute one or more persons with like power, the Railway Company hereby ratifying and confirming all that its said attorney or attorneys shall lawfully do by virtue hereof.

Any such sale or sales made under, or by virtue of, this Indenture, whether under the power of sale herein granted and conferred, or under, or by virtue of, judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Railway Company of, in and to the premises and property sold, and shall be a perpetual bar, both at law and in equity, against the Railway Company, its successors and assigns, and against any and all persons claiming or to claim the premises and property

sold, or any part thereof, from, through or under the Railway Company, its successors or assigns.

The personal or movable property conveyed or intended to be conveyed by or pursuant to this Indenture, other than stocks, bonds and other securities and claims, shall be real estate for all the purposes of this Indenture, and shall be held and taken to be fixtures and appurtenances of the said railways and part thereof, and are to be used and sold therewith and not separate therefrom, except as herein otherwise provided.

SECTION 10. The receipt of the Trustee shall be a sufficient discharge to any purchaser of the property, or any part thereof, sold as aforesaid, for the purchase money, and no such purchaser, or his representatives, grantees or assigns, after paying such purchase money and receiving such receipt, shall be bound to see to the application of such purchase money upon or for any trust or purpose of this Indenture, or, in any manner whatsoever, be answerable for any loss, misapplication or non-application of any such purchase money, or any part thereof, or be bound to inquire as to the authorization, necessity, expediency or regularity of any such sale.

SECTION 11. In case of any sale of the trust estate or any part thereof as aforesaid, the principal of all the Prior Lien Bonds, if not previously due, shall immediately thereupon become and be due and payable, anything in said bonds or in this Indenture contained to the contrary notwithstanding.

SECTION 12. The purchase money, proceeds and avails of any sale of the trust estate, together with any other sums which then may be held by the Trustee under any of the provisions of this Indenture as part of the trust estate or of the proceeds thereof, shall be applied as follows:

First. To the payment of the costs and expenses of such sale, including a reasonable compensation to the

Trustee, its agents, attorneys and counsel, and of all expenses, liabilities and advances made or incurred by the Trustee in managing and maintaining the trust estate, and to the payment of all taxes, assessments or liens prior to the lien of this Indenture, except any taxes, assessments or other superior liens subject to which such sale shall have been made.

Second. To the payment of the whole amount then owing or unpaid upon the Prior Lien Bonds for principal and interest, with interest at the rate of four and a half per cent. per annum on the overdue instalments of interest, and in case such proceeds shall be insufficient to pay in full the whole amount so due and unpaid upon the said bonds, then to the payment of such principal and interest, without preference or priority of principal over interest, or of interest over principal, or of any instalment of interest over any other instalment of interest, ratably to the aggregate of such principal and the accrued and unpaid interest, subject, however, to the provisions of Section 1 of this Article.

Third. To the payment of the surplus, if any, to the Railway Company, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 13. In case of any sale as aforesaid, of the trust estate, any purchaser for the purpose of making settlement or payment for the property purchased, shall be entitled to turn in any Prior Lien Bonds and any matured and unpaid coupons, in order that there may be credited, as paid thereon, the sums payable out of the net proceeds of such sale to the holder of such bonds and coupons, as his ratable share of such net proceeds, after allowing for the proportion of the total purchase price required to pay the costs and expenses of the sale, or otherwise; and such purchaser shall be credited, on account of the purchase price of the property purchased, with the sums

payable out of such net proceeds on the bonds and coupons so turned in; and, at any such sale the Trustee or any bondholders may bid for, and purchase, such property, and may make payment on account thereof as aforesaid, and, upon compliance with the terms of sale, may hold, retain and dispose of such property without further accountability therefor.

Section 14. The exercise by the Trustee of any of its rights to enforce this Indenture conferred by this Indenture shall not prejudice or affect its rights to enforce this Indenture in respect of any part of the trust estate, by judicial proceedings. Such proceedings in the United States of Mexico, shall be subject to the jurisdiction of the Federal Courts of the Republic of Mexico, and shall be instituted in the Federal Court of First Instance in the Federal District of Mexico, and shall be carried on in accordance with the following procedure to which the parties agree and shall be subject to all the provisions of this Indenture in that behalf.

For such purpose, the Trustee shall present to the Judge of First Instance a petition verified under oath by the petitioner or its duly authorized representative, which shall clearly set forth the facts relating to the status of the petitioner, the inception of the debt, the execution, delivery and record of this Indenture, and the happening of the event of default by reason of which such proceedings shall be brought. The petition shall also state the names, and, if known to the petitioner, the domicile of such creditors of the Railway Company, if any, appearing of record in the Public Registry in the City of Mexico, as have or claim to have some lien on the railways and incident and appurtenant real property constituting part of the trust estate, and the sale of which shall be sought by such petition. A copy of this Indenture shall be presented with such petition.

The Judge shall examine the petition and shall make an order thereon to the effect following :

1. If the proceedings are instituted by reason of some default in the payment of money that the Railway Company within ten days after the date of such order pay to the Trustee the amount alleged to be due, with interest and costs ;

2. If the proceedings are instituted on account of the doing, or omitting to do, any act forbidden or required to be done by this Indenture, that the Railway Company shall within ten days comply with the covenants and conditions of this Indenture in that behalf;

3. That a copy of such petition and order be served upon some officer or director of the Railway Company either personally or by leaving the same at the general offices of the Railway Company in the City of Mexico, or, if there be no such general offices in said City, at the office in said City of the Secretary of the Department of the Treasury of the United States of Mexico ;

4. That a copy of such petition and order be served on the respective persons, if any, stated in the petition to have or to claim to have a lien of record in the office in which this Indenture shall be recorded on the mortgaged premises, the sale of which is sought by such petition, by mailing the same to them at their last post-office address known to the petitioner ;

5. That notice of the presentation of such petition and of the making of such order, stating concisely the terms of such order, be given by the petitioner by publication in the Diario Oficial or other official Gazette of the Government of Mexico, in one newspaper published in New York and in one newspaper published in London, twice a week for four successive weeks.

If the Railway Company shall fail to comply with such order, the Judge shall make an order for the sale of the trust estate, or so much thereof as said petition shall seek to have sold.

Such order of sale shall be made on motion of the petitioner and on presentation to the Judge of proof of failure by the Railway Company to comply with said first-mentioned order, and that notice by publication by mailing and otherwise has been given in accordance with said first-mentioned order; and no such order for sale shall be made until ten days after the completion of such notice. Any proof as aforesaid shall be sufficiently made if made by sworn declaration.

No exception may be taken by the Railway Company, or by any other party to such proceedings, to the making of any order of sale except by proof of payment of any moneys due, with interest and costs, if the proceedings are instituted by reason of some default in the payment of money, or by proof of compliance with the covenants and conditions of this Indenture in that behalf if the proceedings are instituted on account of the doing or omitting to do any act forbidden or required to be done by this Indenture.

If payment or compliance shall be alleged, the Judge within ten days shall fix some day within the following sixty days for the hearing of the proofs of such allegations, and on such day shall appoint another day for the rendering of his decision, which shall be given within the thirty days following. There shall be no appeal from an order of sale.

Any order of sale shall appoint a receiver of the property sought by said petition to be sold (other than bonds, stocks, obligations or securities in the hands of the Trustee which it shall be entitled to continue to hold) and shall direct the delivery to such receiver of such property by whomsoever held.

Any order of sale shall direct the Trustee to sell the trust estate or so much thereof as such petition shall seek to have

sold, and that such sale be made in accordance with the provisions of this Indenture in that behalf.

Upon the making of any such order of sale, the Trustee, as thereby directed, shall offer for sale the property in said order directed to be sold in accordance with the provisions of this Indenture.

The Trustee shall submit to the Judge its report in writing of the proceedings of the Trustee under such order of sale, stating the time and place of sale, the terms of sale, the amount bid for the property offered for sale and the name of the successful bidder and the amount of any deposit made by him. With such report, the Trustee shall also submit proofs by sworn declaration showing publication of notice of such sale in accordance with this Indenture.

The Judge shall thereupon enter an order approving such sale. Such order shall require the successful bidder, within such time as may be fixed in such order, to complete his purchase by paying to the Trustee the residue of the purchase price. As to so much of such purchase price as may be required by the terms of sale to be paid in cash, such order shall require such payment to be made in money, and as to any residue of the purchase price, such order shall permit payment to be made, at the election of such purchaser, either in money or in the Prior Lien Bonds. Such order shall direct the Trustee, on receiving payment of the purchase price, to deliver to such purchaser or his assigns a deed conveying to such purchaser or his assigns the property so purchased and any part of the trust estate so sold which may be in the possession of the Trustee or under the control of the Trustee. There shall be no appeal from an order confirming a sale made by the Trustee.

On presentation to the Judge of the receipt of the Trustee for the purchase price, which shall also state the delivery to such purchaser or his assigns of the deed of the property sold,

the Judge shall make an order directing (*a*) the cancellation of any mortgages, liens or incumbrances upon the property sold or any part thereof, executed at a date subsequent to the date of record of this Indenture; (*b*) directing that such purchaser or his assigns, if not theretofore put into possession of the property so sold, be forthwith put into possession thereof, and possession thereof shall forthwith be given accordingly by the Judge or any proper person designated by him.

In case, at any sale under an order of sale, the successful bidder shall fail to make full payment of his bid within the time limited by the order confirming such sale, or such additional time as the Trustee may allow for that purpose, any deposit made by such bidder under the terms of sale shall become the property of the Trustee for the benefit of the holders of the Prior Lien Bonds, and his bid shall be cancelled; and in that case and as often as it may be necessary, the petitioner may apply to the Judge for an order directing that another sale be had in the same manner; and the Judge shall make such an order or such orders as may be necessary in that behalf.

Section 15. The Railway Company covenants that

(1) in case default shall be made in the payment of any interest on any Prior Lien Bonds at any time outstanding, and such default shall have continued for a period of three months, or

(2) in case default shall be made in the payment of the principal of any such bonds when the same shall become payable, whether at the maturity of said bonds, or by declaration as authorized by this indenture, or upon a sale of the trust estate,

then upon demand of the Trustee, the Railway Company agrees to pay to the Trustee for the benefit of the holders of the Prior Lien Bonds and coupons, then outstanding, the whole amount

due and payable on such bonds and coupons then outstanding, for interest or principal, or both, as the case may be, with interest upon the overdue instalments of interest at the rate of four and a half per cent. per annum; and in case the Railway Company shall fail to pay the same forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, shall be entitled to recover judgment for the whole amount so due and unpaid.

The Trustee shall be entitled to recover judgment as aforesaid, either before, or after, or during the pendency of, any proceedings for the enforcement of the lien of this Indenture upon the trust estate, and the right of the Trustee to recover such judgment shall not be affected by any entry or sale hereunder, or by the exercise of any other right, power or remedy for the enforcement of the provisions of this Indenture or the foreclosure of the lien hereof; and in case of a sale of the trust estate and of the application of the proceeds of sale to the payment of the indebtedness secured by this Indenture, the Trustee in its own name and as trustee of an express trust shall be entitled to enforce payment of, and to receive, all amounts then remaining due and unpaid upon any and all of the Prior Lien Bonds then outstanding, for the benefit of the holders thereof, and shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest. No recovery of any such judgment by the Trustee and no levy of any execution upon any such judgment on property subject to the lien of this Indenture, or upon any other property, shall in any manner, or to any extent, affect the lien of the Trustee upon the trust estate or any part thereof, or any rights, powers or remedies of the Trustee hereunder, or any rights, powers or remedies of the holders of the Prior Lien Bonds; but such lien, rights, powers and remedies shall continue unimpaired as before.

All moneys collected by the Trustee under this Section shall be applied by the Trustee, first to the payment, at the

option of the Trustee, of the costs and expenses of the proceedings resulting in the collection of such moneys, and of the expenses paid or incurred by the Trustee in theretofore managing and maintaining the trust estate, and then to the payment of the amounts then due and unpaid upon such bonds and coupons, respectively, without any preference or priority of any kind, except as provided in Section 1 of this Article, and ratably according to the amounts due and payable upon such bonds and coupons, respectively, at the date fixed by the Trustee for the distribution of such moneys

SECTION 16. The Railway Company will not, at any time, insist upon or plead, or in any manner whatever claim, or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force in any locality where the trust estate, or any part thereof, may or shall be situate, or in which this Indenture may be sought to be enforced, nor will it claim, take, or insist on, any benefit or advantage from any law now or hereafter in force, providing for the valuation or appraisement of the trust estate, or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree of any court of competent jurisdiction ; nor after any such sale or sales will it claim or exercise any right under any statute enacted by the United States of America or by any state or territory thereof or by the United States of Mexico, or by any state thereof, to redeem the property so sold or any part thereof; and the Railway Company hereby expressly waives all benefit and advantage of any such law or laws ; and it covenants that it will not hinder, delay or impede the execution of any power herein granted and delegated to the Trustee, but that it will suffer and permit the execution of every such power, as though no such law or laws had been made or enacted.

SECTION 17. Whenever any judicial proceedings shall be commenced to enforce any right of the Trustee or of the bondholders under this Indenture, then the Trustee shall be entitled to exercise the right of entry herein conferred, and also any and all other rights and powers herein conferred and provided to be exercised by the Trustee upon the happening of any event of default; and, as matter of right, the Trustee shall be entitled to the appointment of a receiver of the trust estate, and of the earnings, income, revenue, rents, issues or profits thereof, with such powers as the court making such appointment shall confer; but notwithstanding the appointment of any receiver, the Trustee shall be entitled as pledgee to continue to retain possession and control of any stocks, bonds, cash and other property pledged or to be pledged with the Trustee hereunder.

SECTION 18. The Railway Company, at any time before full payment of the Prior Lien Bonds, and whenever it shall deem it expedient for the better protection and security of such bonds (although there be then no default entitling the Trustee to exercise the rights and powers conferred by Section 2 of this Article VII), may, with the consent of the Trustee, surrender and deliver to the Trustee full possession of the whole or any part of the trust estate for any period fixed or indefinite, and may authorize the Trustee to collect the dividends and interest on all shares of stock, bonds and other obligations subject to this Indenture, and to vote upon all shares of stock for any period fixed or indefinite. In such event the Trustee shall enter into and upon the premises so surrendered and delivered, and shall take and receive possession thereof, and may exercise such rights and powers for such period fixed or indefinite, as aforesaid, without prejudice, however, to its right at any time subsequently, when entitled thereto by any provision hereof, to insist upon and to main-

tain such possession and to exercise any such right, though beyond the expiration of any prescribed period, and the Trustee, from the time of its entry, shall work, maintain, use, manage, control and employ the premises and property into which it shall so enter in accordance with the provisions of this Indenture, and shall receive and apply the income and revenues thereof and otherwise of the trust estate as provided in Section 2 of this Article.

Upon application of the Trustee, and with the consent of the Railway Company, if then there be no existing default entitling the Trustee to exercise the rights and powers conferred by said section 2 of this Article VII, and without such consent if then there shall be such an existing default, a receiver may be appointed to take possession of, and to operate, maintain and manage the whole or any part of the property subject to this Indenture, and the Railway Company shall transfer and deliver to such receiver all such property, wheresoever the same may be situated ; and in every case, when a receiver of the whole or of any part of said property shall be appointed under this Section, or otherwise, the net income and profits of such property shall be paid over to, and shall be received by, the Trustee, for the benefit of the holders of the Prior Lien Bonds ; provided, however, that notwithstanding any such appointment the Trustee, as pledgee, shall be entitled to retain possession and control of any stocks, bonds, cash and other property pledged or to be pledged with the Trustee hereunder.

SECTION 19. No holder of any Prior Lien Bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the foreclosure of this Indenture, or for the execution of any trust thereof, or for the appointment of a receiver, or for any other remedy hereunder, unless such holder shall have previously given to the Trustee written notice of such default and of the continuance thereof, as here-

inbefore provided, nor unless, also, the holders of ten (10) per cent. in amount of the Bonds then outstanding shall have made written request upon the Trustee, and shall have afforded to it reasonable opportunity, either to proceed to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name ; nor unless, also, they shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby ; and such notification, request and offer of indemnity are hereby declared, in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of this Indenture and to any action or cause of action for foreclosure or for the appointment of a receiver, or for any other remedy hereunder ; it being understood and intended that no one or more holders of the Prior Lien Bonds and coupons shall have any right in any manner whatever to affect, disturb or prejudice the lien of this Indenture, by his or their action, or to enforce any right hereunder, except in the manner herein provided; and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided, and for the equal benefit of all holders of outstanding bonds and coupons.

Section 20. Except as herein expressly provided to the contrary, no remedy herein conferred upon, or reserved to, the Trustee, or to the holders of Prior Lien Bonds, is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

Section 21. No delay or omission of the Trustee or of any bondholder to exercise any right or power accruing upon any default shall impair any such right or power, or shall

be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article to the Trustee or to the bondholders, may be exercised from time to time, and as often as may be deemed expedient by the Trustee or by the bondholders severally and respectively.

ARTICLE VIII.

MEXICAN LAW.

Each and all of the provisions of the laws of the United States of Mexico and of the states thereof, now or at any time hereafter in force, which shall, in terms or in effect, in any way cause the rights or obligations of the parties hereto under this Indenture, or of the holders of the Prior Lien Bonds, to be different from what it is herein agreed that they shall be, are hereby renounced and waived, and without prejudice to such general renunciation and waiver, waiver and renunciation is expressly made of the provisions of existing laws hereinafter in this Article specified.

Sec. 1. Waiver and renunciation is made of Article 1048 of the Commercial Code, concerning prescription in commercial matters; of Articles 1091 of the Civil Code, concerning prescription of actions; of Articles 1106 and 3081, concerning prescription of the principal of the bonds; of Article 1848, concerning the prescription of mortgage actions, and of Article 1103, concerning the prescription of payments of interest.

Sec. 2. Waiver and renunciation is made of the following laws:

(a) Article 3092 of the Civil Code, as far as it gives a right to the obligor, in the case of the destruction or insufficiency of the property, when he is not re-

sponsible for this destruction or insufficiency, to ask for the reduction of payments, or that he be freed from making payments on making a surrender of the property in favor of the creditor ;

(b) Article 3094 of the Civil Code, in conformity with which an interest charge becomes extinguished as a lien upon real property in case of the destruction or complete unproductiveness of the property; and besides the rights which Articles 1843 and 1844 provide for additional mortgage security, and Article 3091 of the Civil Code for subjecting to the interest charge other properties in case the debtor should have them, the creditors shall have the right to revive the mortgage and the interest charge in case the property destroyed or rendered unproductive be restored or placed on a productive basis, even when said property may have been restored or rendered productive by a third party ; and the payments that are due must be made in any case, even those due previous to said restoration ; Articles 3096 and 3097 of the Civil Code are waived in so far as they are contrary to this Subdivision *(b)* ;

(c) Article 3078 of the Civil Code, as far as this provides that the principal of the bonds shall be payable in case of failure to pay any interest instalment ;

(d) Article 66 of the Railroad Law of April 29, 1899, as far as it provides that the mortgage creditors may not oppose modifications or alterations which may be made during the term of the mortgage with respect to the buildings and lands of the road ;

(e) Articles 1035 and 1036 of the Commercial Code, which in case of the bankruptcy of a railroad company, establish a board of receivers and fix the rules for managing and operating the railroad ;

(f) the right granted by Paragraph third of Article 8 of the Law of November 29, 1897 ;

(g) Article 1392 of the Commercial Code so far as it orders the deposit of attached property in the custody of a person appointed by the plaintiff, and Article 700 of the Code of Federal Procedure, which gives the debtor the right to retain possession of the property during foreclosure proceedings ;

(*h*) Articles 572 and 621 of the Code of Federal Procedure, which require a previous appraisal for the sale of property ;

(*i*) Article 1411 of the Commercial Code concerning advertising the sale of property, and Articles 622 and 623 of the Code of Federal Procedure, concerning publication of notices of sale ;

(j) Article 643 of the Code of Federal Procedure, so far as it authorizes the Judge to execute a deed of sale in the case therein mentioned ;

(k) Article 621 of the Code of Federal Procedure ;

(l) Article 633 of the Code of Federal Procedure which requires from bidders the presentation of security ; Article 24, and subdivision C. paragraph fourth, of Article 40 of the Law of April 29, 1899, so far as they refer to deposits which bidders at judicial sales must make ;

(m) Article 1851 of the Civil Code ;

(n) Articles 622, 623, 630, 646 and 647 of the Code of Federal Procedure ;

(o) Article 614 of the Code of Civil Procedure ;

(p) Article 617 of the Code of Federal Procedure ;

(q) the second part of Article 616 of the Code of Federal Civil Procedure ;

(r) Article 1339 of the Commercial Code, Articles 496, 497 and 498 of the Code of Federal Procedure, and Article 495 of the Code of Federal Procedure ;

(s) Articles 1801 to 1804 of the Civil Code, which articles establish rules concerning the sale of pledged property, and for its award to the creditor ; Articles 856 to 858 of the Code of Civil Procedure of the Federal District concerning the judicial sale of personal property ; Articles 368, 610 and 611 concerning the sale of securities and personal property given in pledge ; and Articles 627, 633 and 652 of the Code of Federal Civil Procedure, concerning the sale of personal property and its award to the creditor ;

(t) Article 705 of the Code of Federal Civil Procedure ;

(u) Article 694 of the Code of Federal Civil Procedure ;

(v) Article 700 of the Code of Federal Civil Procedure, and Article 809 and Article 811 of the Code of Procedure of the Federal District ;

(w) Article 706 of the Code of Federal Civil Procedure ;

(x) Articles 696, 520 and 527 of the Code of Federal Civil Procedure.

SECTION 3. Whatever proceedings may have been instituted by third parties against the Railway Company, and even though by virtue of such proceedings lines of railway included in this Indenture or one or more thereof may have been sequestrated, the Trustee shall have the right to take possession of said line or lines for the purpose of operating the same, and it shall be sufficient for it to present this Indenture in order that, without any steps or proceedings, the mortgaged premises may be delivered to it.

Any receivers appointed by the Trustee in the exercise of the powers conferred by this Indenture shall be entitled to demand and to receive, in the name of the Trustee, all income of the mortgaged railways and premises and to give

receipts therefor; to examine all books, documents and papers of the Railway Company, wherever situate; to examine into all acts and operations of the Railway Company; and, after any such appointment of a Receiver, the Railway Company shall make no new contract or any payment without the written consent of such receiver, who shall be entitled to be present at all meetings of the Railway Company and of its board of directors, and to receive notice of the holding of all such meetings, and of all the acts and contracts of all employes and agents of the Railway Company.

Section 4. In case of any sale of the trust estate, in pursuance of the powers conferred on the Trustee by this Indenture or in judicial proceedings, such sale may be made to the highest bidder, without any previous appraisement, and no amount, therefore, is fixed to serve as a basis for bids, which shall be entirely unlimited.

Section 5. The bidders shall not be required to present any security or to make any deposit, unless the Trustee shall so require as part of the terms of sale, which, subject only as in this Indenture restricted, the Trustee shall be entitled to prescribe in its discretion, and if, by the terms of sale, such security or deposit shall be required, the notice of sale shall so state. The Trustee shall have the right to postpone any sale, or, at its request, to have any sale postponed, from time to time, and, in addition to the right which is conferred by law, to ask that the trust estate be awarded to it in case there are no other bidders, may itself bid at any such sale.

Section 6. Any receiver or receivers whom the Trustee may appoint in accordance with any of the provisions of this Indenture, shall not be required, to be qualified for such appointment, to own real estate or to give security, although the Trustee shall have the right in its discretion to require security in such amount and of such character as it may determine.

The Trustee may at will remove any receivers who may have been appointed either by the Trustee or in judicial proceedings, and, from time to time, may appoint successors to any receivers however appointed.

All receivers appointed by the Trustee shall be appointed upon the responsibility of the Railway Company, and, in general, all attorneys and agents acting on behalf of the Trustee shall be deemed to act upon the responsibility of the Railway Company.

In all cases of a vacancy occurring in the receivership, whether in judicial proceedings or not, from any cause whatever, the Trustee shall be entitled to appoint the successor receiver or receivers.

In case judicial proceedings are instituted in the Republic of Mexico for the enforcement of this Indenture, judgments therein, when under this Indenture subject to appeal in accordance with law, shall be so only for purposes of review ; and if any such appeal be allowed, then, in case the judgment or decree should be favorable to the Trustee or the bondholders, the Trustee shall not be obliged to give bond, and the judgment shall be executed without bond being given. In any proceedings instituted in the courts of the Republic of Mexico, either by the Trustee or by the holders of the Prior Lien Bonds, for the purpose of exercising any of the rights or powers granted by this Indenture, they shall be under no obligation to present any of the Prior Lien Bonds in court ; and it shall be sufficient in all cases that this Indenture be presented, or a certified copy thereof.

ARTICLE IX.

IMMUNITY OF OFFICERS, DIRECTORS AND STOCKHOLDERS.

No recourse under or upon any obligation, covenant or agreement of this Indenture, or of any Prior Lien Bond or coupon, shall be had against any incorporator, stockholder, officer or director of the Railway Company, or of any successor corporation, either directly or through the Railway Company, by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any statute or otherwise; it being expressly agreed and understood that this Indenture and the Prior Lien Bonds and the indebtedness represented thereby are solely corporate obligations and that no personal liability whatever does or shall attach to, or be incurred by the incorporators, stockholders, officers or directors of the Railway Company, or of any successor corporation, or any of them, under or by reason of any of the obligations, covenants or agreements contained in this Indenture or in any of the Prior Lien Bonds or coupons, or implied therefrom; and that any and all personal liability of every name and nature, either in common law or in equity, or by statute or constitution, of every such incorporator, stockholder, officer or director, is hereby expressly waived as a condition of, and consideration for, the execution and issue of this Indenture and such bonds and coupons.

ARTICLE X.

BONDHOLDERS' ACTS, HOLDINGS AND APPARENT AUTHORITY.

Section 1. Any request or other instrument required by this Indenture to be signed or executed by bondholders, may be in any number of concurrent documents of similar tenor, and may be signed or executed by such bondholders in person or by agent appointed in writing. Proof of the execution of

any such request or other instrument, or of any instrument appointing any such agent, or of the holding by any person of bonds transferable by delivery, shall be sufficient for any purpose of this Indenture, and, if made in the manner provided in this Article, shall be conclusive in favor of the Trustee, with regard to any action by it taken under such request or other instrument.

Section 2. The fact and date of the execution by any person of any such request, or of any such instrument, may be proved by the certificate of any notary public, or other officer authorized to take acknowledgments of deeds, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution duly sworn to before any such notary public or other officer.

Section 3. The amount of bonds transferable by delivery, held by any person executing any such request or other instrument as a bondholder, and the amounts and denoting numbers of the bonds held by such person, and the date of his holding the same, may be proved by a certificate executed by any trust company, bank, bankers or other depositary (wherever situated), if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with such depositary, or exhibited to it, the bonds therein described. The ownership of registered bonds shall be proved by the registers of such bonds as hereinbefore provided.

Section 4. The Trustee is hereby constituted and appointed the duly authorized representative and attorney of the holders of the Prior Lien Bonds for every purpose connected with or arising out of the enforcement of the security hereof or the collection of the debt represented by the Prior Lien Bonds or any of them, or in pursuance of the terms and

covenants hereof or intended to be for the benefit of the holders of the Prior Lien Bonds. The Trustee shall be the sole legal representative and attorney of the bondholders for every purpose in the Republic of Mexico, and may enforce in any manner, in the Republic of Mexico, every mortgage and security intended to secure the payment of the debt represented by the Prior Lien Bonds, without being obliged to obtain any further assent of the bondholders or to produce any of the Prior Lien Bonds in the Republic of Mexico.

ARTICLE XI.

RELEASES OF THE TRUST ESTATE.

SECTION 1. Upon the written request of the Railway Company, approved by resolution of its board of directors or executive committee, the Trustee, from time to time, while the Railway Company is in possession of the railroads constituting part of the trust estate, but subject to the conditions and limitations in this Section prescribed, and not otherwise, shall release from the lien and operation of this Indenture any part of the said railroads and incident and appurtenant property then subject thereto, or any of the pledged stocks or bonds, (*provided* they be not stocks or bonds of some corporation the voting control of which may be directly or indirectly pledged or assigned or may be agreed to be pledged or assigned under this Indenture, nor stocks or bonds to acquire or take up which Prior Lien Bonds have been reserved under this Indenture); *provided* (1) that no part of the lines of track or of the rights of way shall be released, unless the same shall no longer be of use in the operation of any of the mortgaged lines of railway, and no part of such lines of track or rights of way shall be so released if thereby the continuity of the lines of railway of the Railway Company between the

several termini of such lines shall be broken ; and (2) that no part of the mortgaged railways or other property shall be released hereunder, unless at the time of such release it shall no longer be necessary or expedient to retain the same for the operation, maintenance, or use of such lines of railway, or for use in the business of the Railway Company.

No such release shall be made unless the Railway Company shall have sold, or shall have contracted to exchange for other property or to sell, the property so to be released ; and, unless some other disposition thereof be required by some prior mortgage, the proceeds of any and all such sales, and all moneys received as compensation for any property subject to this Indenture taken by exercise of the power of eminent domain, shall be set apart and held in trust by the Trustee and applied by the Trustee, on the order of the Railway Company to be expressed by resolution of its board of directors, a copy of which certified under its corporate seal shall be lodged with the Trustee, to the purchase of other property, real or personal, or in betterments of, or additions to, or rolling stock for said mortgaged railways. Any new property acquired by the Railway Company to take the place of any property released hereunder, *ipso facto*, shall become and be subject to the lien of this Indenture as fully as if specifically mortgaged or pledged hereby subject however, to any mortgage or deed of trust then underlying this Indenture so far as may be required by the terms thereof; but if requested by the Trustee, the Railway Company will convey the same to the Trustee, subject, however, as aforesaid, by appropriate deeds, upon the trusts and for the purposes of this Indenture.

Section 2. The Railway Company, while in possession of the mortgaged railways, shall also have full power, in its discretion, from time to time, to dispose of any portion of the machinery, equipment and implements at any time held subject to the lien

hereof, which may have become obsolete or otherwise unfit for such use, replacing the same by new machinery, equipment or implements which shall become subject to this Indenture.

SECTION 3. In no event shall any purchaser or purchasers of any property sold or disposed of under any provisions of this article be required to see to the application of the purchase money.

SECTION 4. In case the mortgaged railways shall be in the possession of a receiver lawfully appointed, the powers in and by this Article conferred upon the Railway Company may be exercised by such receiver, with the approval of the Trustee; and if the Trustee shall be in possession of the mortgaged railways under any provision of this Indenture, then all the powers by this Article conferred upon the Railway Company may be exercised by the Trustee in its discretion.

SECTION 5. The Railway Company, from time to time, may make changes or alterations in, or substitutions of, any leases, or trackage rights subject to this Indenture; but, in any such event any modified, altered or substituted leases or trackage rights forthwith shall become bound by, and be subject to, the terms of this Indenture, in the same manner as those previously existing.

SECTION 6. A certificate signed by the president or a vice-president and the chief engineer of the Railway Company may be received by the Trustee as conclusive evidence of any of the facts mentioned in this Article required to be established in order to authorize the release of any property hereunder, and shall be full warrant and protection to the Trustee for any action on the faith thereof; but the Trustee, in its discretion, may require such further and additional evidence as to it may seem reasonable.

ARTICLE XII.

CONCERNING THE TRUSTEE.

Section 1. The Trustee may employ agents or attorneys in fact and shall not be answerable for the default or misconduct of any agent or attorney appointed by it in pursuance hereof, if such agent or attorney shall have been selected with reasonable care, or for anything whatever, in connection with this trust, except bad faith, willful misconduct or gross negligence, and except that all moneys at any time paid to, or deposited with, the Trustee under any provision of this Indenture shall constitute debts from it as a trustee.

The Trustee shall not be personally liable for any debts contracted by it, or for damages to persons or property carried or injured, or for salaries or non-fulfillment of contracts, during any period wherein the Trustee shall manage the mortgaged railways upon entry or voluntary surrender as aforesaid.

The Trustee shall not be accountable for the use of any Prior Lien Bond delivered to the Railway Company pursuant to Article II of this Indenture, or for the application by the Railway Company of the proceeds of any such bond.

The Trustee shall not be under any obligation to take any action towards the execution and enforcement of the trusts under this Indenture until requested so to do in writing by one or more holders of the Prior Lien Bonds, and if, in its opinion, such action shall be likely to involve it in expense or liability, unless and until such holders of Prior Lien Bonds shall, as often as required by the Trustee, furnish it reasonable indemnity against such expense or liability. The Trustee may for all the purposes of this Indenture assume, until it shall receive written notice to the contrary from the holder or holders of one or more of the Prior Lien Bonds, that there has been no default under this Indenture, nor shall the Trustee be required to take notice of any default

hereunder, unless notified in writing of such default by the holders of at least five (5) per cent. in amount of the Prior Lien Bonds or to take any action in respect of any default unless requested to take action in respect thereof by a writing signed by the holders of not less than ten (10) per cent. in amount of the Prior Lien Bonds, and tendered reasonable indemnity as aforesaid, anything herein contained to the contrary notwithstanding; but neither any such notice or request, nor this provision therefor, shall affect any discretion herein given to the Trustee to determine whether or not it shall take action in respect of such default, or to take action without such request.

The Trustee shall not be required to record or file this Indenture as a chattel mortgage or otherwise, nor shall it be bound to see to the affixing or cancellation of revenue stamps upon this Indenture, or upon any of the Prior Lien Bonds, or upon any instrument of further assurance, or to see that notice of the lien and provisions hereof is given to the trustee of any mortgage or deed of trust recited herein, or to any lessor or other person, all of which matters the Railway Company covenants and agrees to see to and perform and it shall be no part of the duty of the Trustee, while not in possession thereof, to see to the insurance of any of the mortgaged property, or to the payment of the taxes or assessments thereon or on the trust estate.

The Trustee may advise with legal counsel, and the opinion of counsel shall be a full protection and justification to the Trustee for anything suffered or done by it in good faith and in accordance with such opinion.

The Trustee shall be reimbursed and indemnified against any liability or damage which the Trustee may sustain or incur in the premises, and shall have a lien upon the trust estate under this Indenture preferential to the Prior Lien Bonds for its compensation and expenses, and also for any such liability or damages.

All matters recited herein and in the Prior Lien Bonds (save only the Trustee's certificates upon said bonds) shall be deemed to be the statements of the Railway Company, and not of the Trustee and the Trustee shall not be responsible therefor or for the adequacy of the security afforded by the trust estate or for the validity of this Indenture.

In every case where under any provision of this Indenture any act is permitted to be done upon the consent of the Trustee, the Trustee, unless required to give its consent by some provision of this Indenture, may give or withhold its consent in its absolute discretion. It shall be the sole judge of the advisability of giving such consent and it shall incur no liability to any bondholder or to any other person, firm or corporation for giving or withholding its consent.

For acting upon or in accordance with any notice, request, consent, certificate, bond, coupon or other document or paper believed by it to be genuine and to have been signed or presented by the proper person, the Trustee shall not be liable to anybody.

The Trustee may become the owner of Prior Lien Bonds and coupons, and may be trustee under any agreement pursuant to which Prior Lien Bonds shall be pledged as collateral security for notes of the Railway Company, with the same rights which it would have if it were not Trustee.

The Trustee shall be entitled to reasonable compensation for all services rendered by it in the execution of the trusts hereby created, and said compensation, with its necessary disbursements and charges of its counsel, shall be a lien upon the trust estate, prior to the lien of the Prior Lien Bonds.

In any case where this Indenture is silent as to the evidence required to establish a fact upon which the Trustee is either required or permitted to take or to refrain from taking action, the Trustee may accept, as proof of the existence or non-existence of such fact, the certificate thereto made under the corporate seal of the Railway Company in pursuance of a

resolution of its board of directors by the chairman of the Board, or the president or one of the vice-presidents, and by the treasurer or an assistant-treasurer of the Railway Company, accompanied, if the Trustee shall so request, by the certificate of the Counsel to the Railway Company. The Trustee may, in its discretion, require other evidence with respect to any such fact, but no obligation shall be imposed upon it to make any other or further investigation.

Section 2. The Trustee may resign and be discharged of the trusts created by this Indenture by giving to the Railway Company and to the bondholders notice by publication of such resignation, specifying a date when it is desired that such resignation shall take effect, which notice shall be published, at least twice a week for not less than eight successive weeks before the date so specified, in two newspapers of general circulation in the City of New York and in a newspaper in London and in a newspaper in Mexico, D. F. Such resignation shall take effect on the day specified in such notice unless previously a successor trustee shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor trustee.

The Trustee or any successor may be removed at any time by an instrument in writing filed with the Trustee for the time being under this Indenture, under the hands of two-thirds in amount of the holders of the Prior Lien Bonds at the time outstanding, appointing a successor.

Section 3. In case at any time the Trustee, or any successor trustee, shall publish notice of its intention to resign or shall be removed or shall otherwise become incapable of acting, a successor or successors may be appointed by an instrument in writing signed by the holders of a majority in amount of the Prior Lien Bonds at the time outstanding. Until a new trustee shall be appointed by the bondholders as herein

authorized the Railway Company, by an instrument executed by order of its board of directors, under its corporate seal may appoint such successor trustee; the Railway Company shall thereupon publish notice of such appointment at least twice a week for eight consecutive weeks in two newspapers of general circulation in the City of New York, a newspaper in London, and a newspaper in Mexico, D. F., and any new Trustee so appointed by the Railway Company shall immediately and without further act be superseded by a trustee appointed in the manner above provided by the holders of a majority in amount of the Prior Lien Bonds.

Every trustee under this Indenture, however, and by whomsoever appointed, and whether under any of the provisions of this Article or in judicial proceedings, shall always be a trust company in good standing, created or incorporated under the laws of the State of New York, having its principal office in the City of New York, and having a capital and surplus amounting to at least $2,000,000.

Section 4. Any successor trustee appointed hereunder shall execute, acknowledge and deliver to the Railway Company an instrument accepting such appointment hereunder, and thereupon such new trustee without any further act, deed or conveyance shall become vested with all the estates, properties, rights, powers and trusts hereunder with like effect as if originally named as trustee herein; but the trustee ceasing to act shall, nevertheless, on the written request of the new trustee, execute and deliver an instrument transferring to such new trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the trustee so retiring, and shall duly assign, transfer and deliver any and all property and moneys held by such trustee to the new trustee appointed in its place. Should any deed, conveyance, or instrument in writing from the Railway Company be required by any new trustee for more

fully and certainly vesting in and confirming to such new trustee such estate, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request be made, executed, acknowledged and delivered by the Railway Company. All the conveyances herein provided for shall be at the cost of the Railway Company.

ARTICLE XIII.

POSSESSION UNTIL DEFAULT. DEFEASANCE CLAUSE.

Section 1. Until some default shall have been made in the due and punctual payment of the interest or of the principal of the Prior Lien Bonds or of some part of such interest or principal or of some instalment of the Sinking Fund or until some one or more of the other events of default shall happen, the Railway Company shall be suffered and permitted to retain actual possession of the trust estate (other than stocks and securities and cash and other property pledged or assigned to the Trustee hereunder) and to manage, operate and use the same and every part thereof, with the rights, concessions and franchises appertaining thereto, and to collect, receive, take, use and enjoy the tolls, earnings, income, rents, issues and profits thereof.

Section 2. If, when the Prior Lien Bonds shall have become due and payable, the Railway Company shall well and truly pay, or shall cause to be paid, the whole amount of the principal moneys and the interest due upon all of the Prior Lien Bonds and the coupons for interest thereon, and then outstanding, or shall provide for such payment by depositing with the Trustee hereunder for the payment of such bonds and coupons the entire amount due thereon for principal and interest, and also shall pay or cause to be paid all other sums payable here-

under by the Railway Company and shall well and truly keep and perform all the things herein required to be kept and performed by it according to the true intent and meaning of this Indenture, then and in that case all property, rights and interests hereby conveyed shall revert to the Railway Company, and the estate, right, title and interest of the Trustee shall thereupon cease, determine and become void, and the Trustee in such case, on demand of the Railway Company and at its cost and expense, shall enter satisfaction of this Indenture upon the record; otherwise the same shall be continued and remain in full force and virtue.

ARTICLE XIV.

SUNDRY PROVISIONS.

SECTION 1. All the covenants, stipulations, promises and agreements in this Indenture contained, by or in behalf of the Railway Company, shall bind its successors and assigns, whether so expressed or not.

SECTION 2. For every purpose of this Indenture, including the execution, issue and use of any and all of the bonds, the term Railway Company shall include and mean not only the party of the first part hereto, but also any such successor corporation. Every such successor corporation shall possess, and from time to time may exercise, each and every right and power hereunder of **Ferrocarriles Nacionales de México,** in its name or otherwise.

SECTION 3. Any act or proceeding by any provision of this Indenture required to be done or performed by any board or officer of the Railway Company, shall and may be done and performed with like force and effect by the like board or officer of any railroad corporation that shall at the time be such lawful sole successor of the Railway Company.

SECTION 4. Except when otherwise indicated, the words the Trustee, or any other equivalent term, as used in this Indenture, shall be held and construed to mean the trustee or trustees, for the time being, whether original or successor, and the words Trustee, bond, bondholder and holder shall include the plural as well as the singular number, and the term majority shall signify majority in amount.

SECTION 5. In every case in which securities of any corporation pledged or assigned under this Indenture shall be vested with any voting power, the exercise of such voting power shall be subject to the like restrictions as are by this Indenture imposed upon the exercise of the voting power on stock pledged or assigned hereunder.

SECTION 6. The term controlled company as used in this Indenture includes any company the voting control of which shall be owned directly by the controlling company. The term subsidiary company as used in this Indenture includes not only controlled companies but also any company, the voting control of which is not held by the controlling company directly, but is held or controlled indirectly by the controlling company through or by means of a controlled company.

ARTICLE XV.

EXECUTION AND CONSTRUCTION.

SECTION 1. In order to facilitate the record of this Indenture, the same may be simultaneously executed in six counterparts, each of which so executed shall be deemed to be an original; and such counterparts shall together constitute but one and the same instrument.

SECTION 2. In construing the Prior Lien Bonds the English text shall govern, and if in order to comply with requirements of the laws of Mexico a Spanish translation of this Indenture

shall be required, the English text shall notwithstanding govern in construing this Indenture.

Central Trust Company of New York, Trustee, party hereto of the second part, hereby accepts the trusts in this Indenture declared and provided, and agrees to perform the same upon the terms and conditions hereinbefore set forth.

In Witness Whereof, the parties hereto have caused this Indenture to be dated the day and year first above written and **Ferrocarriles Nacionales de Mexico**, the party of the first part, has caused this Indenture to be signed and acknowledged or proved by the Chairman of the Board of Directors, and its corporate seal to be hereunto affixed, and attested by the signature of its Assistant Secretary, and **Central Trust Company of New York**, the party of the second part, has caused this Indenture to be signed and acknowledged or proved by its President, and its corporate seal to be hereunto affixed and attested by its Assistant Secretary.

FERROCARRILES NACIONALES DE MÉXICO,
by
{Seal of Ferrocarriles Nacionales de México.}
PABLO MACEDO,
Chairman of the Board of Directors.

Attest:
E. E. BASHFORD,
Assistant Secretary.

CENTRAL TRUST COMPANY OF NEW YORK,
by
{Seal of Central Trust Company of New York.}
J. N. WALLACE,
President.

Attest:
M. FERGUSON,
Assistant Secretary.

In presence of as to all
FREDK. B. VAN VORST,
NOEL GALE.

UNITED STATES OF AMERICA,)
State of New York, } SS.:
COUNTY OF NEW YORK,)

On this twenty-seventh day of June, in the year one thousand nine hundred and eight, before me, FERDINAND S. CROSLEY, a Notary Public in and for the County and the State aforesaid, personally appeared Pablo Macedo, to me personally known and known to me to be the Chairman of the Board of Directors of Ferrocarriles Nacionales de México and known to me to be the same person who, as such Chairman of the Board of Directors, subscribed the foregoing instrument, who, being by me duly sworn, did depose and say that he resides in the City of Mexico, D. F., in the United States of Mexico; that he is the Chairman of the Board of Directors of Ferrocarriles Nacionales de México, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that said instrument was signed and sealed on behalf of said corporation by order of its board of directors, and that he signed his name thereto as Chairman of the Board of Directors by like order; and said Pablo Macedo acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the considerations, uses and purposes therein mentioned and set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

FERDINAND S. CROSLEY,
[SEAL.] Notary Public,
New York County.

UNITED STATES OF AMERICA,
State of New York,
COUNTY OF NEW YORK, } ss.:

On this twenty-seventh day of June, in the year one thousand nine hundred and eight, before me, FERDINAND S. CROSLEY, a Notary Public in and for the County of New York, in the State of New York, personally appeared James N. Wallace, to me personally known and known to me to be the President of Central Trust Company of New York, and known to me to be the same person who, as such President, subscribed the foregoing instrument, who, being by me duly sworn, did depose and say that he resides in the Borough of Brooklyn, in the City of New York, in the State of New York; that he is the President of Central Trust Company of New York, one of the corporations described in and which executed the foregoing instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that said instrument was signed and sealed on behalf of said corporation by order of its board of trustees, and that he signed his name thereto as President by like order; and said James N. Wallace acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the considerations, uses and purposes therein mentioned and set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

FERDINAND S. CROSLEY,
Notary Public,
New York County.

[SEAL.]